



Independent Safeguarding Authority

annual report

and accounts 2009/2010





Independent Safeguarding Authority

Annual Report and Accounts 2009/2010

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of the Safeguarding Vulnerable Groups Act 2006

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Foreword from the ISA Chair	6
Introduction from the ISA Chief Executive	8
ISA Key Achievements	10
ISA Milestones and events	11
Benefits of the Vetting and Barring Scheme (VBS)	12
ISA Vision	13
ISA Strategic Objectives	14
ISA Decision Making	16
Illustrative Cases	18
Further Information	21
Foreword to the Accounts	22
ISA Performance and Management Commentary	28
Remuneration Report	32
Statement of Accounting Officer's Responsibilities	38
Statement of Internal Control	39
Certificate of the Comptroller and Auditor General to the House of Commons	44
Financial Statements	46
Notes to the Accounts	50

Statement of Accounts



foreword

Sir Roger Singleton CBE



The Vetting and Barring Scheme (VBS) was created as part of the Government's response to the recommendations of the Bichard Inquiry which was set up to investigate child protection procedures following the murders of Jessica Chapman and Holly Wells. The Inquiry recommended a new scheme requiring those wishing to work with children or vulnerable adults to register in order to confirm that there was no known reason why they should not work with these vulnerable groups.

The VBS is a three way partnership. Government provides the enabling legislation and guidance which determines who should be registered. The Criminal Records Bureau (CRB) provides relevant information from HM Courts Service and the police. And the Independent Safeguarding Authority (ISA) receives relevant information from the CRB, employers and other referring parties and, having considered it, decides who should be placed on and who taken off the

lists of people statutorily barred from working with children and vulnerable adults.

During the year, the ISA has discharged its information seeking and barring powers in accordance with the relevant legislation. It did so against a background of considerable challenge to aspects of the VBS. The Safeguarding Vulnerable Groups Act 2006 received almost unanimous cross-party support in both Houses of Parliament at the draft stages. Indeed there were those who wanted to see the scope of the Scheme go further. However, when details were published last October, several aspects attracted criticism in the media and elsewhere. One particular concern was the amount of contact an adult was likely to have with children before the requirement to register with the Scheme was triggered.

Moreover, whilst there was much inaccurate and misinformed reporting, it became clear that the climate had changed and that many people were seeking an approach



which gave greater weight to individual and collective responsibility for keeping children safe and less to formal vetting. Consequently the then Secretary of State for Children, Schools and Families asked me in my dual role as ISA Chair and the Government's Chief Adviser on the Safety of Children to look again at where Parliament and the Government had drawn the line in relation to the amount of contact required before registration became compulsory.

My recommendations were accepted. They relaxed the contact requirements and confirmed that private arrangements between parents and friends for the care of their children were unambiguously outside the scope of the Scheme. I reinforced the need for registration to apply where an organisation takes the decisions about which adults should care for which children whenever the contact requirements were met.

These recommendations reduced the overall requirement to register by two

million people. As I write this (June 2010) we are awaiting further details of a proposed review of the Vetting and Barring Scheme by the new Coalition Government. We are committed to contributing to this review using our growing expertise in effective decision-making and safeguarding.

Looking further forward, the ISA is keen to contribute its experience and perspectives to the ongoing development of the Scheme. It will continue to bring its increasing knowledge and skills to the difficult task of making fair, just, defensible barring decisions and will welcome the opportunity to contribute that experience to policy debates directed towards protecting children and the most vulnerable people in our society.



introduction

Adrian McAllister



To build and develop a new organisation is always a challenge: to do so while also delivering core operations is a further test for all involved. The last year has consequently been both challenging and rewarding in equal measure.

Our complement of staff has grown to meet the demanding nature of our work, combined with the evolving Vetting and Barring Scheme (VBS). We now employ over 250 staff, with nearly 200 dedicated to casework. All caseworkers are at varying stages of their bespoke decision-making training which is accredited by Teesside University.

From October 2009 we introduced the ISA's new 'barred lists' for children and vulnerable adults. This involved a process of assessing and migrating cases to two new lists from the previous six. We also continued to advise the Secretary of State at the then Department for Children, Schools and Families (DCSF) on a significant number of cases for which he remained the barring authority.

Our new referral process was launched in October to respond to the wider range of employers required to refer to the ISA information relevant to safeguarding. This included a large proportion of the National Health Service which is now mandated to provide relevant safeguarding information to the ISA.

Throughout the year we have received referrals from employers who have removed or dismissed staff because of the harm they have

caused to a vulnerable adult or child or the risk of harm they might present. It is vital that those who through their work or volunteering pose a risk of harm, be prevented from doing so. An effective referral process and balanced, proportionate and timely decision making are all key to ensuring this happens.

Other than our casework activity, we have also developed our performance management framework, information management policies and continued to work with our colleagues in Government in planning, communicating and implementing the phases of the VBS.

Our approach to partnership working has developed, building important and positive relationships with a range of organisations including professional regulators, keepers of registers and a number of third sector organisations. Our work with St Giles Trust and Homeless Link are examples of the importance we and they attach to developing mutual understanding and trust as we seek to balance sometimes apparently competing imperatives.

Undoubtedly the coming year will bring fresh challenges but the experience of the last two years and the expertise and dedication of all at the ISA - caseworkers and non-operational staff alike - will I am sure stand us in good stead.



“The ISA’s representatives have been extremely approachable, professional and knowledgeable, providing valuable clarification on several legal and policy areas. The ISA team also designed and ran an excellent awareness raising and training session for relevant staff at the Commission.”

The Charity Commission



ISA Key Achievements

April 2009 - March 2010

ISA Operations

- We handled 9,056 referrals from employers and regulatory bodies
- We concluded 4,635 'automatic barring' cases (where the ISA is statutorily bound to bar people because of the serious nature of their offences)
- We migrated 15,349 people from the previous barred lists to the new ISA lists
- We provided advice to the Secretary of State on 651 legacy cases
- We introduced a robust process to approve caseworkers for ISA decision-making

ISA Finance and Corporate Resources

- We developed a Risk Management Framework and commenced roll out across the organisation, delivering risk management training to the majority of staff
- We achieved Treasury targets for implementation of International Financial Reporting Standards (IFRS)
- We delivered all services within our delegated budget and released 'one off' savings in excess of £1 million to the Home Office

ISA Performance and Stakeholder Management

- We supported stakeholders with new ISA referral guidance and developed fact sheets on key issues

- We presented at numerous stakeholder conferences; played a pivotal role in the summer and spring VBS Roadshows; the VBS Stakeholder event in October and met with a wide range of organisations including all regulatory bodies in England, Wales and Northern Ireland; Unison, the NSPCC, Help the Hospices and the Football Association
- We produced an 'Information Charter' so that our partners, other members of the 'public protection network', employers, agencies and private citizens know how we will process information and what we expect of those providing information to us
- We agreed information sharing agreements and memoranda of understanding with several of our partners to ensure a structured framework is in place in order that we mutually understand our data sharing and processing responsibilities

ISA People and Development

- We delivered nearly 2,500 hours of training to our staff
- We effectively managed staff attendance and reduced the average sickness per employee to 5.92 days (down 1.38 days from 2008-09)
- We reduced our staff turnover rate to 4.03% (a reduction of 6.37% from last year)
- We developed an 'Accreditation Programme' with Teesside University for our caseworkers

ISA Milestones and Events

- **4th October 2009** - we published our 'Referral Guidance' and new referral form on our website (www.isa.gov.org.uk)
- **12th October 2009** - the Vetting and Barring Scheme was launched to include new workforces (prison sector and the NHS). The Scheme introduced:
 - > new duties on employers to refer safeguarding information to the ISA;
 - > new criminal penalties on employers who do not refer;
 - > new criminal penalties on barred people who apply to work in regulated activity;
 - > Two new 'ISA barred lists': one for children, one for vulnerable adults.

The ISA began to receive referrals from employers across the wider workforce.

The previous barred lists were streamlined down to two as the new ISA barred lists (ISA Children's Barred Lists and ISA Vulnerable Adults' List) were introduced and maintained.

- **8th December 2009** - we held our first Equality and Diversity workshop with local and regional stakeholders.
- **8th February 2010** - we held our first Stakeholder Consultation Event in Newcastle upon Tyne.
- **10th February 2010** - our building was officially opened by Meg Hillier, MP Parliamentary Under Secretary at the Home Office.





Benefits of the Vetting and Barring Scheme (VBS)

The Vetting and Barring Scheme (VBS) introduced the following key safeguarding benefits for children and vulnerable adults during 2009 -2010:

- it is a criminal offence for barred individuals to apply to work with children or vulnerable adults in a wider range of posts. Employers also face criminal sanctions for knowingly employing a barred individual across a wider range of work;
 - the three previous barring lists (POVA, POCA and List 99) were replaced by the creation of two new barred lists administered by the ISA rather than several government departments. Since October 2009, checks of these two lists can be made as part of an Enhanced CRB check;
 - additional jobs and voluntary positions are covered by the barring arrangements, including moderators of children's internet chat rooms, and a large number of NHS positions; and
 - employers, local authorities, professional regulators and inspection bodies have a duty to refer to the ISA any information on an individual working with the vulnerable where they consider them to have caused harm or pose a risk of harm.
- The ISA is legally required to share all the information it relies on to make barring decisions with the person under consideration, so that they can make representations as to why they believe a bar is inappropriate;
 - The representations process enables those with previous convictions or cautions to demonstrate their rehabilitation and therefore why a bar is not appropriate;
 - The legal duty on employers to refer safeguarding information to the ISA ensures that we have the relevant information to make barring decisions; and
 - The ISA shares safeguarding information with regulators such as The General Social Care Council and inspectorates such as Ofsted and the Care Quality Commission.

ISA Specific Benefits

- Barring decisions are undertaken by the ISA using a fair, consistent and proportionate method;
- Barring decisions are made by the ISA Board and trained, accredited decision-makers;



ISA Vision

We have translated our statutory responsibilities into a vision for safeguarding and into objectives that are at the core of the ISA's plans.

We have developed a vision to express clearly what we look to achieve in the years ahead.

Our VISION for the future is that the Independent Safeguarding Authority will be a major contributor to protecting the vulnerable people in society.

We will make our contribution by delivering on our core purpose, which is to help reduce the risk of harm posed to children and vulnerable adults by those who might access them through their work, paid or unpaid.

This core purpose encapsulates the four statutory responsibilities that the Safeguarding Vulnerable Groups Act sets out for the ISA:

- *to maintain a list of those who are barred from engaging in regulated activity with children (the "children's barred list");*
- *to maintain a list of those barred from engaging in regulated activity with vulnerable adults (the "adults' barred list");*
- *to reach decisions about whether a person should be included in one or both barred lists and*
- *to reach decisions as to whether to remove a person from a barred list.*

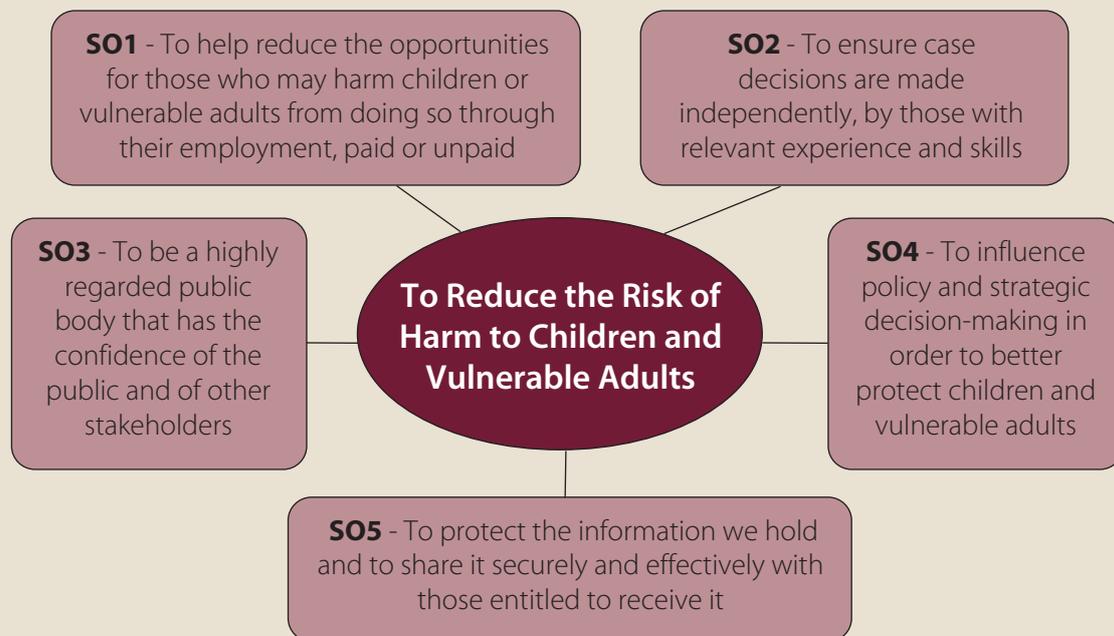




ISA Strategic Objectives

We have adopted seven strategic objectives to help ensure we deliver our responsibilities to a high standard and cost effectively. These are set out below.

Our highest priorities are those that relate directly to the delivery of our core purpose. Our first five Strategic Objectives (SO) focus on this.



Our two remaining strategic objectives reflect our aim to be excellent in all we do. We believe that they will ensure that we have the right staff with the right skills, that our people are supported by the appropriate level of resources, systems and procedures and that we work effectively with our partners and others to deliver our core purpose.



We also contribute to wider Government Objectives

As part of the Vetting and Barring Scheme we also support the delivery of the Government's wider strategic objectives on safeguarding.

The work we do under our Strategic Objectives SO1 and SO4 contributes specifically to the following Government objectives and associated public service agreements.



Make communities safer:

To help people feel secure in their homes and communities and to cut crime

(Source: HO Public Service Agreement No. 23)



To keep children safe and sound.

(Source: DCSF Public Service Agreement No. 13)



Ensure better care for all, and promote better health and well-being for all.

(Source: DH Public Service Agreement. No.23)

In fulfilling our safeguarding role, we also make a positive contribution towards the achievement of the strategic objectives of:

- The Northern Ireland Assembly;
- The Welsh Assembly Government; and
- The Ministry of Justice





ISA Decision Making Process

We are committed to ensuring that we make consistent, fair and proportionate barring decisions on the people who are referred to us. The ISA Chair and the ISA Board play an active role in making barring decisions and are ultimately responsible for all the decisions made by the organisation.

We are keenly aware of the impact barring or not barring a person can have both on the person referred and also upon the lives of those with whom they have or could come into contact. Often very difficult and finely balanced decisions have to be made.

During the year, there were two ways that cases came to us:

- **'Auto-bar'** cases where a person has been cautioned or convicted for a 'relevant' serious offence. In these cases the person is 'automatically' barred (by law) from working with children or vulnerable adults. For some 'auto-bar' offences a person has the right to make representations to the ISA as to why they should be removed from the barred list(s) and the ISA has the power to remove them; and
- **Referrals** from employers and other providers of regulated activity, personnel suppliers, local authorities and professional regulatory bodies. There is a duty, in certain circumstances, on those organisations to make a referral to the ISA when they have removed or moved an employee working in regulated activity, following harm to a child or vulnerable adult or where there is a risk of harm.

The ISA makes its decisions using a documented decision-making process. Detailed information on this process is

available on the ISA website - www.isa-gov.org.uk/Default.aspx?page=382

ISA Decision-Making Process

Our decision-making has been developed to ensure all ISA barring decisions are fair, consistent and proportionate. The process has five decision-making stages. At each stage a decision is required for the case to progress to the next stage. If the criteria for the case to progress to the next stage are not met, the case is closed and no further action taken. However the ISA retains the information, subject to its Data Retention Policy, in case further referrals are received.

Stage 1: Initial Case Assessment

The ISA determines whether the case falls within our legal powers under the Safeguarding Vulnerable Groups Act 2006. If the initial case assessment criteria are met the case proceeds to the next stage.

Stage 2: Information Gathering and Assessment

We start to gather and consider information about the case including any previous relevant convictions or cautions. The ISA has no investigatory powers and relies upon the information provided to us by other organisations.

We treat court findings, police cautions and the findings of competent bodies (such as the General Medical Council) as 'findings of fact'.

We also consider referral and other relevant information which may be provided or requested from regulated activity providers,

the police, personnel providers and regulatory bodies such as the General Teaching Council or the General Medical Council.

We will also consider information on the person that we may already have from previous referrals. This could provide evidence of cumulative behaviour indicating a safeguarding risk.

When all relevant information is gathered and assessed, the ISA determines whether the allegation is proven on the balance of probabilities or that risk of harm has been established. If so, the case progresses to Stage 3.

Stage 3: Structured Judgement Process (risk analysis)

A case assessment using the ISA's Structured Judgement Process (SJP) is undertaken. The SJP is a risk assessment tool developed by the ISA to determine whether, based on all relevant information, there is a future risk of harm to children or vulnerable adults.

If a risk of harm to children or vulnerable adults is determined and barring is a proportionate and appropriate response to that risk, the ISA formally decides it is 'minded to bar' the person - otherwise the case is closed.

Stage 4: Representations

We write to the person advising them that the ISA is 'minded to bar' them from working with children and/or vulnerable adults and invite them to 'make representations' as to why they should not be barred. We outline the legal powers and reasons for the decision and also provide the person with all the information that the ISA has relied upon in arriving at its 'minded to bar' decision.

The person has eight weeks to provide written representations to us. The person may be assisted in their representations by other people or organisations e.g.

friend, adviser, trade union or solicitor. Following representations, the case is reassessed by the ISA and the position reviewed in light of the information provided.

Stage 5: Barring Decision

If no representations are received, the person is barred from working with children and/or vulnerable adults. If representations are received then the case is reassessed and a final decision is made. The person is notified in writing of the decision (whether a bar has been placed or not) - including their right to seek an appeal. Once barred it is illegal for a person to work in regulated activity with children and/or vulnerable adults.

Reviews

Any barred person who had the opportunity to provide representations will also have the right to request a review of the ISA's decision after a minimum barred period as follows:

- *Aged under 18 when barred - 1 year*
- *Aged 18 to 24 when barred - 5 years*
- *Aged over 24 when barred - 10 years*

All requests for review must be made to the ISA. We will agree to a review if the person can demonstrate that their circumstances have changed significantly in such a way that they no longer pose a significant risk to children and/or vulnerable adults. The ISA will not remove anyone from the list unless we are satisfied that the risk has diminished.

Appeals

A barred person has the right to seek an appeal on the grounds of an 'error of fact' or an 'error of law'. Appeals are dealt with by the Administrative Appeals Chamber of the Upper Tribunal, or the Care Tribunal in Northern Ireland.



Illustrative Cases

The following summaries are illustrative examples and reflect the type of scenarios which are sent to the ISA for consideration.

All referrals to the ISA must be considered in relation to both the Children's List and the Adults' List, regardless of the nature of the behaviour which led to the referral. The ISA makes its decisions on a case by case basis, weighing up all the facts - including information provided by the person who is referred.

Case One

Mr A is a 33 year old male teacher specialising in sport and physical education. Following a disciplinary investigation into allegations that he had had a sexual relationship with a 17 year old pupil at his school, he was dismissed and referred to the ISA.

The school had become aware of the relationship when the pupil showed her friends a photograph of the teacher naked. She said that he sent it by mobile phone. The pupil also told her friends that she had had sex several times with the teacher.

At the school's disciplinary hearing the teacher admitted sending the picture but claimed it was intended for his girlfriend and he had sent it to the pupil by mistake. He denied that a sexual relationship had existed. Despite the allegations of the girl's friends, she refused to confirm or deny to the police that they had a relationship and the police were therefore unable to take further action.

It was also found that six years earlier the teacher had resigned from his post at

another school. The school had begun an investigation following concerns that the teacher was spending a lot of time socialising with two 14 year olds. Both girls were being looked after by the local authority. A teacher also alleged that he had seen Mr A in a pub one Saturday evening with a 15 year old female pupil. Mr A had no cautions or convictions.

Key factors the ISA would need to consider and establish:

- On the balance of probabilities did a sexual relationship take place?
- Did the teacher deliberately send his naked picture to the girl?
- Had the teacher undertaken similar relationships at his previous school?
- Does he present a future risk of harm to children or to vulnerable adults?

Case Two

Mr B is 45 years old. He has a long history of offending which began while he was a teenager. His offending has been principally directed towards dishonestly obtaining money and drug related offences, including supplying controlled drugs. He has served three prison sentences. Mr B wrote to the ISA from prison to say that he had completed a drug rehabilitation course and now wanted to put his experience to good use by

working with young people in trying to prevent them “wasting their lives as I have done”. He enclosed a supportive letter from the prison chaplain. He wanted to know whether the ISA would bar him from working with young people because of his criminal history.

Key factors the ISA would need to consider and establish:

- What were the details surrounding the convictions – were any of the ‘victims’ children or vulnerable adults?
- Was the dishonesty related to his involvement with drugs?
- What was the nature of the rehabilitation course and how effective was it?
- Does the period of rehabilitation suggest that Mr B does not present a risk of harm to vulnerable people?

Case Three

Ms C is a volunteer youth worker in her early thirties. She has a record of committed and sensitive work with young people in her inner city church. She was referred to the ISA having been cautioned by the police for engaging in a sexual relationship with a 16 year old female church club member. She was also placed on the sex offenders’ register. The church discontinued her services as a youth worker and asked her to worship elsewhere.

Ms C became involved with the young person through the youth club activities and specifically when the young person expressed her concerns about her own sexual identity. Ms C believed she was well placed to help the young person, having experienced similar anxieties herself and having a similar cultural background. As the months passed

Ms C found herself drawn closer emotionally to the young person and this eventually led to a single sexual encounter. The young person immediately told her parents who went to the police. In retrospect, Ms C is critical of her own behaviour which she is at a loss to understand. She has sought counselling.

The nature of Ms C’s offence was such that the law requires her to be automatically barred from working with children and vulnerable adults. However, the ISA has a power to consider any representations she makes and can remove her name from one or both of the barred Lists if it considers that she does not present a risk to children or to vulnerable adults. Ms C asked the ISA if her name could be removed from both Lists.

Key factors the ISA would need to consider and establish:

- Ms C received a police caution - the ISA would treat this as a ‘finding of fact’.
- Have there previously been any concerns about Ms C’s behaviour with children and young people?
- Was this a ‘one off’ incident in which Ms C was genuinely trying to help the young girl?
- What significance can be placed on Ms C’s contrition and willingness to engage in counselling?
- Does Ms C present a future risk of harm to children or to vulnerable adults?
- Should Ms C be removed from one List; both Lists or neither List?



Case Four

Ms D is a 22 year old female care worker. She was dismissed by her employer following an investigation into an allegation that she had stolen valuables and money from service users. She was subsequently referred to the ISA. The care agency informed the ISA that the care worker visited service users (including the person who had reported the loss) in their own homes and one of her duties had been to collect their pension and do some shopping.

A man had contacted the care agency after he had seen a silver tankard in a second-hand shop, which he believed had belonged to his 83 year old father who had mobility problems. The tankard was engraved with the initials of his father and had been a gift.

The care worker strongly denied the allegation. She stated that the tankard and other items which were also recovered by the Police had not been stolen but had been gifts from the residents. No prosecution took place.

Key factors the ISA would need to consider and establish:

- On the balance of probabilities, did the thefts take place or should the care worker be believed?
- Is there any evidence that the items were gifts from residents?
- Is there a pattern of thefts within this or any previous employment?
- Does Ms D present a future risk of harm in that she may steal from vulnerable people again?

Case Five

Mr E is a 45 year old male nurse working in a Nursing and Residential Home. His employer undertook an investigation following an allegation that whilst the nurse was encouraging an 81 year old female resident suffering from dementia to move into another room, the resident became agitated and had struck out at the nurse. The nurse then subjected the resident to a tirade of verbal abuse and struck her.

The incident was witnessed by two members of staff who provided statements to the employer and the Police. The nurse was suspended the next day and was subsequently dismissed. The nurse admitted striking and possibly swearing at the resident, but his admission was mitigated by his assertion that the resident was aggressive. The nurse claimed that he was defending other residents from harm and that the strike had been accidental. Witness statements from colleagues provided a different account with them stating that the incident lasted several minutes and was described as 'frightening'.

Key factors the ISA would need to consider and establish:

- The police were unable to prosecute this case due to the frailty of the victim.
- Can the victim and witnesses be believed – on the balance of probabilities, did the events take place?
- How long had the nurse been working with vulnerable groups and are there any previous incidents of concern?
- What training had the nurse received in handling difficult situations?
- Does Mr E present a future risk of harm to vulnerable people?
- Would it be proportionate to bar Mr E if this appears to be a 'one off' incident?

Further Information



You can find further information both on the ISA and the VBS on the following websites:

www.isa-gov.org.uk

As well as general information on the ISA, you can also find

ISA Referral Guidance and Referral Form

ISA Caseworker Guidance Notes

The Home Office's Vetting and Barring Scheme Guidance

Information on the Vetting and Barring Scheme:

www.direct.gov.uk/vetting

www.businesslink.gov.uk/vbs

www.crb.homeoffice.gov.uk



Foreword to the Accounts

We have prepared our accounts in accordance with the requirements of the Financial Reporting Manual (FRM) produced by HM Treasury. The accounts are also prepared in a form that the Secretary of State has, with the approval of HM Treasury, directed under Schedule 1 of the Safeguarding Vulnerable Groups Act 2006.

History

The ISA was created under the Safeguarding Vulnerable Groups Act as a non-departmental public body on 2nd January 2008.

The Home Office is the sponsoring department for the ISA and the Vetting and Safeguarding Policy Unit has specific responsibility. We work in close liaison with the Home Office Vetting and Barring Scheme Programme which is establishing the Vetting and Barring Scheme (VBS).

Our executive functions are led by the Chief Executive, who is supported by an executive management team. The Chief Executive is accountable to the ISA Board and has been appointed as ISA Accounting Officer by the Home Office Departmental Accounting Officer.

The Vetting and Barring Scheme is being delivered by the CRB (AccessNI in Northern Ireland) which will administer the initial application and registration process and the ISA which makes the barring decisions on the people who could pose a risk to vulnerable groups in the workplace or volunteer setting.

The ISA Vision and Strategic Objectives are set out on pages 13 through to 15 of this report.

ISA Board Members

Board Members are appointed under Schedule 1 of the Safeguarding Vulnerable Groups Act 2006, for a term not exceeding five years. The ISA's Board Members are appointed by the Secretary of State and are responsible for ensuring that we fulfil our purpose and objectives, and for promoting our efficient and effective use of staff and other resources.

The ISA Chair and the ISA Board play an active role in making barring decisions and are accountable for all the barring decisions made by the organisation. The decisions that the Board make about cases are independent and free from Government involvement.

The core functions of the Board are set out in the Safeguarding Vulnerable Groups Act 2006. The Board Members who served during 2009/10 were as follows:

Sir Roger Singleton CBE (Chair)
Richard G Black OBE
Debbie Ariyo
Dr John Belcher CBE
Dr Valerie Brasse
Tom Davies
Donald Findlater
Professor Don Grubin
Moira Murray
Mehmuda Mian
Peter Withers

All Board Members were in post for the whole of the financial year.

Details of Board Members' remuneration can be found in the Remuneration Report.



"We have been delighted with the open approach of the ISA which has helped St Giles Trust gain valuable understanding and appreciation of its decision-making. We look forward to working together in the future to share and learn from each other's unique perspectives."

St. Giles Trust



Corporate Governance and Risk Management

We are committed to ensuring a high standard of corporate governance. The ISA Board is responsible for defining strategy and determining the allocation of resources to ensure the delivery of our objectives. We have a corporate structure, the ISA Board, an Audit and Risk Committee, Remuneration and Case Committees which all have clear terms of reference.

A risk management framework has been established for the ISA. The risk register is reported to the Audit and Risk Committee and the ISA Board. The process allows for significant risks to be identified, assessed and then proactively managed by a series of mitigation and risk reduction activities.

Adrian McAllister, Chief Executive, and the ISA Legal Advisor (currently TSOL) attend all Board meetings. Members of the Executive Management Team and other ISA staff also attend by invitation.

Committees of the Board

Audit and Risk Committee

The Audit and Risk Committee reports to the ISA Board. Its role is to support the Board in its responsibility for risk control and corporate governance. It does this by reviewing the comprehensiveness of assurances in meeting the ISA Board's, and the Accounting Officer's assurance needs, and reviewing the reliability and integrity of these assurances.

During 2009/10 the Audit and Risk Committee comprised four Board Members:

*Tom Davies (Chair) Peter Withers
Richard G Black OBE Dr Valerie Brasse*

Jane Palmer was appointed as specialist financial advisor to the Audit and Risk Committee in March 2010. Representatives from the National Audit Office, the internal

auditors, the ISA Chief Executive and members of the ISA Executive Management Team all attend the Audit and Risk Committee by invitation.

Remuneration Committee

During 2009/10 we established a Remuneration Committee. This committee reports to the ISA Board. Its role is to consider proposals in respect of the ISA Pay and Reward framework for all staff up to and including the Chief Executive.

The Remuneration Committee members for 2009/10 were:

*Sir Roger Singleton CBE (Chair)
Dr John Belcher CBE
Mehmuda Mian
Peter Withers
Adrian McAllister (ISA Chief Executive)
Debby Bonnard (Head of People & Development)*

Equality and Diversity

We are committed to treating all people fairly, with dignity and respect, regardless of age, disability, gender, race, religion, sexual orientation or any other personal characteristic. This applies to employees of the ISA and those people who are referred to us for consideration under our decision making processes.

Employment

Part of our commitment to equality and diversity focuses on the people who work for the organisation. We have a number of practices in place to support equality of opportunity and family friendly working, including:

- *Flexi Time working for all employees*
- *Opportunity to request Flexible Working for all employees*



- *All jobs can be considered on a part time or job share basis*
- *Structured inductions and development for all employees*
- *Annual appraisals for all employees*
- *Childcare voucher scheme*
- *Occupational maternity leave and pay*

In addition to the above, and due to the nature of our work, we also provide meetings to discuss the emotional health and wellbeing of our caseworkers.

In 2009 we were awarded the Disability Tick Symbol by Job Centre Plus, having set out our commitments with regard to recruitment, training, retention and consultation with disabled people. We operate a Guaranteed Interview Scheme for all applicants with a disability who meet the minimum criteria for the job vacancy and will support these applicants by making reasonable adjustments during the recruitment process.

We invite all of our people to be involved in decisions that are being made within the organisation through staff focus groups, staff representatives and consultation with Trade Unions.

Service Provision

An equally important part of our equality and diversity work is in the service we provide. We are committed to making fair, unbiased decisions in our role of preventing unsuitable people from working with children and/or vulnerable adults. Decisions will not be based on personal characteristics such as age, disability, gender, race, religion or sexual orientation or any other characteristic which is irrelevant to that person's suitability to work with vulnerable groups.

We have worked with a number of sectors to increase our awareness of, and respect for the diversity of the people being referred to us, including:

- *Offenders and ex-offenders working with vulnerable groups*
- *Faith communities*
- *Mental health*
- *Accessible communications*

People who have been referred to us will also be given the opportunity to provide detailed feedback on their treatment by the ISA. We are developing an accessible complaints procedure which will also make provisions for escalating complaints where discrimination is believed to have occurred.

People and Development Policies

All People and Development policies have, and will, continue to be developed to take into account legislature, civil service and wider public sector good practice, and our culture and values.

New policies and procedures are subject to a rigorous consultation process which includes Trade Unions, Management and staff representatives. Our policies are reviewed on a regular basis to reflect changes in legislation and best practice.

Under our consultation processes Joint Negotiating and Consultative Committee (JNCC) meetings are held with the Public and Commercial Services (PCS) Union on a quarterly basis and are chaired by the Chief Executive.



Pension Liabilities

The treatment of pension liabilities in the accounts is described in the Remuneration Report and in the Accounting Policies contained within the Notes to the Accounts.

Health and Safety

We recognise our legal responsibilities in relation to the health, safety and welfare of our employees and all people attending our premises. The Chief Executive has overall responsibility for the formulation and development of the our Health and Safety Policy and is committed to the principle that legal requirements define the minimum level of achievement.

During 2009/10, we established a Health and Safety Committee with representatives from Management, Trade Unions and staff. The committee is responsible for considering issues relating to the health, safety and welfare of our employees and visitors to ISA premises. The Health and Safety Committee meets quarterly and reports to the Executive Management Team and the ISA Board.

Creditor Payment Policy and Performance

We are committed to paying all our invoices in line with agreed contract terms, where these are not stated we will ensure that undisputed invoices are paid within 30 days of receipt of goods, or receipt of a valid invoice, whichever is the later. In line with the requirements placed on Departments by the Chancellor to support the economy, and Small and Medium-sized Enterprises (SMEs) in particular, we achieved our target of paying invoices within 10 working days of receipt.

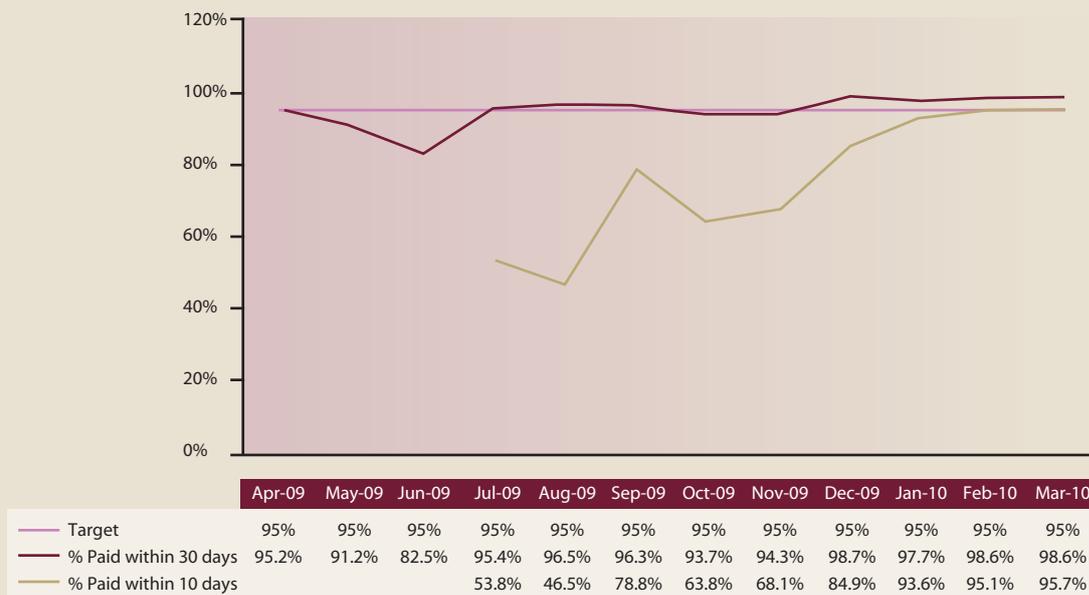
A monthly analysis of achievement against 30 day and 10 day payment target of creditor invoices during 2009/10 is set out below:

No interest was paid in respect of the Late Payment of Commercial Debts (Interest) Act 1998 during the financial year.

Receipt of Gifts

Where Board Members and staff receive gifts as a result of their normal duties, these are recorded in a register, a copy of which is available on the ISA website.

Creditor Payments





Going Concern

We are funded by Grant in Aid through our sponsoring department, the Home Office.

Grant in aid for the ISA for 2010/11 has been confirmed by our sponsor unit. There is no reason to believe that the Department's future sponsorship and future Parliamentary approval will not be forthcoming. It has, therefore, been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

Post Balance Sheet Events

On 15th June 2010, the Coalition Government announced that it will be conducting a review of the VBS. Registration, which was due to start on July 26th on a voluntary basis for all those new to the workforce or moving jobs, was halted to allow the Government to remodel the scheme. Further details of the scope of the review will be announced at a later date. This announcement has been taken into account in preparing the Annual Report and Accounts and we are satisfied that it remains appropriate to do so on a going concern basis.

Auditors

Arrangements for the external audit of our Accounts are provided under paragraph 12 of Schedule 1 of the

Safeguarding Vulnerable Groups Act 2006, which requires the Comptroller and Auditor General to examine, certify and report on the annual accounts, and send a copy of the accounts and his report to the Secretary of State, who must lay them before each House of Parliament. The fees for these services for 2009/10 are estimated at £35,000 for the annual audit (£30,000 in 2008/09) and a further £5,000 for the IFRS Trigger Point 4 audit. The auditors have received no remuneration for non-audit work.

Internal audit services are provided under contract by the Home Office Audit and Assurance Unit, which were appointed on the 1st April 2008 with the agreement of the sponsor unit.

The Accounting Officer has taken all steps to ensure he is aware of any relevant audit information, and to ensure that our auditors are also aware of the information. As far as the Accounting Officer is aware, there is no relevant internal audit information of which the ISA auditors are unaware.

Signed:



Adrian McAllister
Chief Executive and Accounting Officer
July 12th 2010



Performance and Management Commentary

Financial Results for the Year

The activities of the ISA are funded by Grant in Aid from the Home Office. In 2009/10 we received a resource allocation of £12.7 million. Net expenditure for the year totalled after cost of capital and interest £12.9 million.

Assets to the value of £576k were transferred to the ISA, from the Home Office during 2009/10. These assets have been recorded in the accounts of the ISA, along with a notional value for capital allocation to meet the cost of the assets.

ISA Barred Lists

Our key responsibility is to help prevent unsuitable people from working with children and/or vulnerable adults. We do this to help ensure that the most vulnerable members of society can be taught and looked after in an environment that is caring and supportive and as safe as possible.

Our work is complex and no two cases are exactly alike. That is why we undertake a thorough and fair process before we bar someone from the workplace. Whilst we are very conscious of the effect placing a bar can have on a person's life and career, we are also acutely aware that by barring those who pose a risk we can help reduce further abuse, whether physical, sexual, emotional or financial.

As of 31st March 2010, the number of people on each of the barred lists was: (note some people will be on both lists)

List	Number
Vulnerable Adults' List	19,111
Children's List	21,419

We will be publishing updated figures on a quarterly basis, these will be reported in:

- July - in our annual report
- October, January and March - on our website

Transferring Cases to the ISA Barred Lists

From 12th October 2009 the ISA became responsible for ensuring all of the people from the previous barred lists were transferred, where appropriate, onto the new barred lists. This process was called ISA 'determination'.

- we concluded 15,691 'determination' cases
- an additional 1,178 people made representations as to why they should not be transferred to the new lists

Legacy Cases

There were a number of cases that began prior to us taking over barring decisions from Ministers. Some of these still needed to be considered by the Secretaries of State for the then Department for Children, Schools and Families and the Department of Health. We provided advice on who should be barred from working with children and vulnerable adults to the relevant Secretaries of State.

In 2009/10 we provided advice to the Secretaries of State on 651 Cases.



Autobar Cases

Under the VBS, convictions or cautions for specific serious offences result in an automatic bar from working with children and/or vulnerable adults. In all but the most serious offences the person has the right to make representations in relation to why they should not be barred from working with children and/or vulnerable adults.

As at 31st March 2010 we had concluded a total of 4,635 Autobar Cases

Referrals

From 1st April 2009 to 31st March 2010 we received 9,056 referrals for consideration, averaging 755 referrals per month.

In future ISA Annual Report and Accounts we hope to include sector-specific referral information.

Information Governance

- A total of 69 Subject Access Requests were received in 2009/10 of which, 56 have received a response.
- 100% of which were responded to within the 40 calendar day standard.

Although we are not yet subject to the Freedom of Information Act (FOI) 2000, FOI requests have been processed as if the Act applied.

- 24 FOI requests were received in 2009/10,
- of the 23 responses sent, 83% were responded to within 20 working days.

There have no been instances of personal information being lost in the reporting year.

People and Development

Our staffing profile as at the end of March 2010 was 243.42 Full Time Equivalents (FTEs). This includes Permanent, Fixed Term and Casual employees and those on loan or secondment to the ISA. It does not include agency workers.

The age profile of our employees ranges from 18 years to 61 years old and the mean average age of an ISA employee is 38* years old. In terms of gender profile, the ISA shows a good mix of male and female employees. Of a total workforce 39.4% are male and 60.6% are female**.

The ISA's staff profile is as follows;

Ethnicity

White and Black Caribbean	0.40%
Any other White background	0.80%
Any other Mixed background	0.40%
White British	95.20%
Asian - Pakistani	0.40%
Prefer not to say	2.80%

Religion or Belief

Christian	49%
No Religion	37.05%
Other	3.19%
Buddhist	0.8%
Muslim	0.4%
Prefer not to say	9.56%

Disabilities

No	94.02%
Yes	2.79%
Prefer not to say	3.19%

Flexible Working

	No of Staff
Full Time	220
Part Time	25
Compressed Hours	4
Term Time	2

*data taken from end of year People

Management Information 1.4.09 – 31.3.10

**rolling 12 month average total as at 31.3.10.



The average number of days lost to sickness absence per employee during 2009/10 was 5.92 days (7.3 days at end of 2008/09).

Turnover for 2009/10 was 4.03% (9 employees), as at end of 2008/09 was 10.4% - (13 employees).

The percentage of economically active persons in the Darlington area who are from an Ethnic Minority is 2.8%*

Key Performance Indicators – 2009/10

We are committed to measuring our progress against the objectives we set in our Business Plan 2009/10.

A number of key performance indicators are stated below:

Performance Indicator	Target 2009/10	Actual 2009/10	Comment
Stakeholders say they are clear about our role	60%	100%	Target exceeded <i>(based on feedback from one stakeholder event)</i>
Complaints resolved within 21 working days	85%	95%	Target exceeded
Average turnover of staff	No more than 10%	4.03%	Target exceeded
Average number of days lost to sickness absence per employee	8 days	5.92 Working days	Target exceeded
Down time of our casework IT systems	Below 5%	0%	Target exceeded
Operational staff attending Caseworker development programme	95%	100%	Target exceeded

*Source: 2001 Census, Office for National Statistics (ONS)

Business Focus for the Future

The new Coalition Government announced its intention to review the Vetting and Barring Scheme in June 2010. Further details of the scope of the review will be announced at a later date. We are committed to contributing to this review using our growing expertise in effective decision-making and safeguarding.

At the same time, reflecting the general economic position of the country, public services will come under close financial scrutiny, particularly arms length bodies such as the ISA. During this period of change and scrutiny we are committed to continuing the delivery of timely and well-considered casework decisions in a cost effective manner.

There are also likely to be significant changes in the way some public services are supported and delivered through information technology, in an effort to reduce costs and improve efficiency. There are several current initiatives to achieve these aims and we will be playing an appropriate part in cross-Government information, systems and technology sharing initiatives over the next three years.

The ISA Board and Management Team remain convinced of, and dedicated to, the continuing validity of the reasons behind the Scheme and we are committed fully to our safeguarding role. During the next three years, our immediate priorities relating to the implementation of the Scheme and the development of our organisation, will be balanced with ensuring that our growing expertise and unique experience is shared with all who are committed to safeguarding. The organisation will stimulate and participate in research, share knowledge and learning with organisations nationally and, where

appropriate, internationally, and co-operate with other safeguarding agencies to maximise the wealth of expertise which will be available.

The role that stakeholders play in the Scheme is recognised and appreciated. We will continue to work with them to ensure their views are taken into account in our plans.

In terms of Equality and Diversity, the core of our focus in the next twelve months will be the delivery of a Single Equality Scheme (SES) which will focus on current equality duties in relation to disability, gender and race. However, we will also address the new duties under the Single Equality Act in relation to age, religion, sexual orientation and socio-economic disadvantage. We will also include the introduction of a 'test for relevance' in relation to Equality and Human Rights Impact Assessments for all current and incoming policies and procedures.

Our priorities for the next three years are set out in detail in the 2010 Corporate Plan, which will be available on our website.





Remuneration Report

Our remuneration packages were set using a benchmarking process to define comparable packages for our geographical area of operation and to recognise any specialist skills required for each position. We aim to ensure that the remuneration packages we offer are comparable, and are designed to attract, retain and motivate senior managers and employees.

During 2009/10 we established a Remuneration Committee; its role is to consider proposals in respect of the ISA Pay and Reward framework for all staff up to and including the Chief Executive. In setting remuneration we work within HM Treasury guidelines for public sector pay. The following sections of the remuneration report provide details of the remuneration policy, service contracts, salary and pension entitlements of the ISA Board Members and the Chief Executive.

Remuneration Policy

Our Chair and Board Members are appointed by the Secretary of State in accordance with the Code of Practice for Public Appointments issued by the Commissioner for Public Appointments. Remuneration and allowances for the Chair and each of the Board Members is determined by the Secretary of State.

The Chief Executive is appointed by the ISA. Any increase in the Chief Executive's salary is considered by the Remuneration Committee, followed by an initial proposal submitted for approval to the Vetting and Safeguarding Policy Unit Sponsor Team in the Home Office. Any proposals must be in line with the Senior Salary Review Body

guidance. At meetings of the Remuneration Committee where the Chief Executive's pay is considered, the CEO is required to declare a pecuniary interest and withdraw from the meeting.

Subject to approval by the Home Office of the ISA's overall remuneration strategy, the Board has delegated to the Remuneration Committee the determination of the remuneration packages and other employment benefits of all other ISA employees.

We have a grading structure with salary scales for each grade. All new positions are graded using job evaluation to ensure that different roles are positioned fairly within the grading structure. An employee's base pay is determined with reference to the relevant salary scale for their job and their individual performance in the preceding review period.

Service Contracts

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

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the person being eligible for consideration of receipt of an amount of compensation as set out in the Civil Service Compensation Scheme.



The ISA's Chair is appointed for a period of four years. This may, by mutual agreement, be renewed at the end of the period. Board Members are appointed for a period of three years. Appointments of Board Members may, subject to satisfactory appraisals and by mutual agreement, be renewed at the end of that period, subject to a maximum period of five years. The Chief Executive's contract has no fixed period.

Bonuses

The Chair and Board Members do not receive a bonus. The Chief Executive is eligible for a non-consolidated performance bonus of up to 20% of annual salary each year. Bonus payments follow the same approvals process as for basic pay and should equally be in line with the Senior Salaries Review Board guidance. In 2009/10 the Chief Executive received a bonus payment of £16,793.

Board Members' Interests

We maintain a register of interests for Board Members. This register is available to the public from the ISA Secretariat. Where decisions are taken which could reasonably be seen as giving rise to a conflict of interest, Board Members are required to declare the relevant interest and where appropriate, withdraw from participating in the decision-making. During 2009-10 the Lucy Faithful Foundation for which Donald Findlater, ISA Board Member is a Director, provided services to the ISA to the value of £32,196. Donald Findlater formally declared an interest in this respect, and was not involved in the tender process to award this contract.

Salaries, Emoluments and Pension Entitlements of the Board

The following sections provide details of the remuneration of the Board and the Chief Executive of the ISA.

Name and Job Title	Start Date	Salary 2009/10 £'000	Benefits in Kind (to nearest £100)	Salary 2008/09 £'000	Benefits in Kind (to nearest £100)
Sir Roger Singleton CBE (Chair)	14/05/07	80-85	10500	115-120	10500
Adrian McAllister (Chief Executive)	08/10/07	120-125	0	120-125	37600
Richard G Black OBE	14/04/08	20-25	2500	20-25	7100
Debbie Ariyo	25/02/08	20-25	1800	20-25	1700
Dr John Belcher CBE	25/02/08	20-25	2400	20-25	200
Dr Valerie Brasse	25/02/08	20-25	2200	20-25	1600
Tom Davies	25/02/08	20-25	3800	20-25	2500
Donald Findlater	04/03/08	20-25	4500	20-25	4000
Professor Don Grubin	25/02/08	20-25	500	20-25	500
Maira Murray	25/02/08	20-25	2700	20-25	3000
Mehmuda Mian	25/02/08	20-25	1700	20-25	1600
Peter Withers	25/02/08	20-25	4000	20-25	3300



Sir Roger Singleton was employed on a full-time basis for the period to 31 March 2009, after which his post reduced to part-time.

Board Members total expenses for the year amounted to £54,478. Expenses were paid in accordance with Home Office Policy and relate principally to travelling and accommodation costs incurred on Board business in Darlington.

Salary

'Salary' includes gross salary; performance pay or bonuses; overtime; 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 ISA and thus recorded in these accounts.

Benefits in Kind

The monetary value of benefits in kind covers any benefits provided by the ISA and treated by HM Revenue and Customs as a taxable emolument. Benefits reported are calculated as the taxable value. Any benefits in kind attributed to ISA Board members are only in relation to travel, accommodation and subsistence costs for Board meetings, case committees and other required meetings at Stephenson House in Darlington.

Following consultation with HMRC in 2009/10 it was confirmed that Stephenson House is deemed to be the normal place of work for ISA Board Members. Any travel and accommodation costs associated with attendance at Stephenson House for meetings, case committees and other duties



in their role as Board Members are taxable as a benefit in kind. The benefits in kind for Board Member expenses amount to £36,200 for 2008-09 and £36,656 for 2009-10. During the 2008-09 payments of £37,603 were made in respect of relocation expenses for Adrian McAllister, this cost was included in the administration fees within the accounts. The relocation costs were paid via the Home Office.

Payments to Third Parties

During the period of the accounts no payments were made to third parties for the services of Board Members or the Chief Executive.

Pension Benefits

Adrian McAllister is a member of the nuvos defined benefit scheme. Sir Roger Singleton, ISA Chair is employed on a part-time, non-pensionable basis. All other Board Members are employed on a part-time, non-pensionable basis.

Name and Job Title	Accrued pension at pension age as at 31/3/10 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/3/10 £'000	CETV at 31/3/09 £'000	Real increase in CETV £'000
Adrian McAllister (Chief Executive)	5-10	2.5-5	78	44	28



Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a final salary scheme (classic, premium or classic plus); or a whole career scheme (nuvos). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus and nuvos are increased annually in line with changes in the Retail Prices Index (RPI). Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an 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, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial 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. classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership.



At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with RPI. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

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 panel of three providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus and 65 for members of nuvos.

Further details about the 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 figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

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

Signed:

Adrian McAllister

Chief Executive and Accounting Officer
July 12th 2010



"On Wednesday I spoke with one of your staff (name was provided). She was one of the best customer services people I have ever encountered, wherever I've called! She was friendly, helpful and extremely informative. She reassured me and answered all of my questions with ease. I found her subject knowledge and attention to detail to be invaluable. Whilst 'we' (as a nation of complainers!) are happy to pen a complaints mail, I felt that her level of service was well worth a complimentary email."

Enquirer to the ISA



Statement of Accounting Officer's Responsibilities

Under the Safeguarding Vulnerable Groups Act 2006, the Secretary of State has directed the ISA to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the ISA and of its income and expenditure, recognised gains and losses and cash flows for the financial year.

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

- observe the Accounts Direction issued by the Secretary of State including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;

- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts; and
- prepare the accounts on a going concern basis.

The Secretary of State has appointed the Chief Executive, Adrian McAllister as Accounting Officer of the ISA. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the ISA's assets, are set out in *Managing Public Money* published by the HM Treasury.





Statement of Internal Control

Scope of Responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of ISA'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 Managing Public Money.

The ISA's Board is responsible for ensuring that the ISA properly discharges its functions and has delegated responsibility for non-core functions to its Audit and Risk Committee. I am required to allow the Audit and Risk Committee complete access to any aspect of ISA's control arrangements.

The ISA provides information to the Home Office via the Vetting and Safeguarding Policy Unit (VSPU) with the submission of monthly performance information. Quarterly meetings take place with the sponsor team at which ISA operational performance; people management; financial management; communication and stakeholder engagement; and risks are reported on and discussed.

The Vetting and Barring Scheme (VBS) Programme within the Home Office is responsible for leading on the implementation of the VBS of which the ISA is a part. A representative from the programme attends all ISA Board meetings. I attend the VBS Programme Board in my role as ISA Chief Executive.

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 ISA's policies, aims and objectives; to evaluate the likelihood of those risks being realised and the impact should they be realised; and to manage them efficiently, effectively and economically. The system of internal control has been in place in the ISA for the year ended 31 March 2010 and up to the date of approval of the Annual Report and Accounts, and accords with Treasury guidance.

Capacity to handle risk

Risk is reported upon and considered at all meetings of the ISA Board; the Audit and Risk Committee; all formal Executive Management Team (EMT) Meetings; and at the quarterly meetings of the Management Board; all of which have a formal risk register. This approach ensures that risk management is cascaded throughout the ISA with managers taking responsibility for managing specific risks within their designated area of responsibility.



During 2009/10 a programme of risk management training has been carried out across the ISA, starting with all managers and cascading into teams across the entire organisation. This was accompanied by the implementation of a new Risk and Issues form (RIF) which allows members of staff, or teams, to identify new risks within their area of responsibility. All RIFs are brought to the attention of the Risk Manager and rated. Dependent upon the rating, risks are escalated to the relevant risk register, or managed within the department/team.

The risk and control framework

A number of formal procedures exist throughout the ISA to ensure that risk is identified, evaluated and controlled:

- all reports to the ISA Board; the Audit and Risk Committee; formal EMT Meetings and the Management Board contain consideration of risk to achieving stated objectives;
- RIF forms are used to identify, record and

evaluate new risks; identified risks are then escalated as appropriate, or retained for management use within the team/department;

- risk registers are maintained for the Executive Management Team/Management Board and each project, these registers feed into the corporate risk register where escalation of the risk is appropriate;
- each risk has a risk owner who is responsible for overseeing the mitigating actions for each risk, and reporting upon the status of the risk at the relevant meetings; and
- risk registers are regularly reviewed by project teams and management teams including Directors, Heads of Service, myself and risk owners.

The main structures in place for managing risk are:

- ISA Board Meetings - I present the corporate risk register, and the issues log, for consideration and review, along with reports on performance against strategic



plans and Key Performance Indicators (KPI's). The Board considers recommendations on escalation of risks and issues to the VBS programme from the corporate risk register;

- meetings of the Audit and Risk Committee - the corporate risk register, internal audit reports and external audit reports are presented. This Committee also oversees the ISA's risk management arrangements and it receives reports on the ISA's progress toward the achievement of the recommendation of the Hannigan report on information assurance. The Audit and Risk Committee has implemented a system of dip sampling risks on the corporate risk register, and reviewing the underlying detail behind the stated mitigating actions, as part of their assurance role;
- meetings of the Executive Management Team (EMT) – a formal meeting is held on a monthly basis. At this meeting the EMT and Management Board risks and issues log is considered. EMT also receives a monthly report on security, reports on performance against strategic plans and KPI's;
- meetings of the Management Board - the EMT and Management Board risks and issues log is considered alongside operational performance and achievement of corporate and team objectives;
- each project has its own risk register which is maintained by the project manager. I receive regular reports from each project manager on the current status of these risk registers, which I consider when reviewing the corporate risk register. The project team responsible for working with the VBS Programme also report formally to

the ISA Delivery Board on risks and issues;

- individual teams consider risk as a standing item on their team meeting agendas. Team leaders and managers are responsible for managing low level risks and reporting on them through the RIF process;
- I receive regular internal audit reports, which provide me with an independent opinion of the adequacy and effectiveness of the ISA's system of internal control.

Management and Control of Information Risk

The ISA places a high level of importance on ensuring that its staff are aware of appropriate Information Governance legislation. At their induction all staff are provided with training in relation to Data Protection, Freedom of Information and Information Security. The training has raised awareness and helped embed security and information governance into the organisational culture. Additional refresher training for Information Governance issues and security is delivered to staff on an ongoing basis.

The ISA has adopted the Government Protective Marking Scheme (GPMS) and all information is handled according to the Scheme and the Cabinet Office Security Policy Framework.

The ISA Information Governance Framework is presently being implemented. It is designed to address issues relating to the handling of personal information in a confidential and secure manner to appropriate ethical and quality standards. This ensures that information risks are identified and appropriate protection is provided for all the information held by the ISA.



All staff have identified responsibilities for the management and handling of information risk; however a number of key roles and responsibilities have been identified. These roles form a key part of the Information Governance Framework for managing information risk.

As with other risks, information risks and issues are considered and dealt with at all relevant levels within the ISA. Work is ongoing to further develop the ISA Information Risk Register.

In the event that a data loss incident should occur or vulnerabilities are identified, a structured procedure is in place to ensure that all appropriate parties both within the ISA and externally are notified in a timely fashion and updated as incidents proceed and are ultimately concluded.

Business Impact Assessments have been carried out for key systems to ensure that the level of protection afforded to the system and the information they hold are protected to the appropriate level. An Information Asset Register has also been created to identify and control the information.

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 this system is informed by the work of the internal auditors and the executive managers within the ISA 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 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 and Risk Committee and a plan to address weaknesses and ensure continuous

improvement of the system is in place.

Internal Audit reviews have been carried out during the year covering the areas of corporate governance and risk management, operational policies and processes' performance management and reporting, financial management, human resources, and stakeholder management and communications. All internal audits conducted throughout the year have carried an amber/green rating. The Internal Audit opinion for the year has been advised as 'moderate', which means that strengths in control, risk and information management systems in place outweigh weaknesses. Although there is a need for improvement in specific areas, systems generally operate effectively.

The management team has responded to the recommendations contained within Internal Audit Reports and has also continued to implement, monitor and review systems of internal control during the year. Control systems are working effectively. Programmes of work exist within each area of the organisation to continue to develop a full suite of policies and procedures which will enhance the control framework of the ISA.

Plans are in place to deal with disaster recovery in respect of the ISA's IT systems. During 2009/10 the ISA has developed its Business Continuity Strategy and Business Continuity Plans for the organisation have been agreed.

Signed:

Adrian McAllister

Chief Executive and Accounting Officer
July 12th 2010





Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of the Independent Safeguarding Authority (ISA) for the year ended 31 March 2010 under the Safeguarding of Vulnerable Groups Act 2006. These comprise the Net Expenditure Account, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of ISA, Chief Executive and Auditor

As explained more fully in the Statement of ISA's and Chief Executive's Responsibilities, the Chief Executive is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to ISA's circumstances and have been consistently applied and

adequately disclosed; the reasonableness of significant accounting estimates made by ISA; and the overall presentation of the financial statements.

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

Opinion on Regularity

In my opinion, 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.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of ISA's affairs as at 31 March 2010 and of its net expenditure, changes in taxpayers' equity and cash flows for the year then ended; and
- the financial statements have been properly prepared in accordance with the Safeguarding of Vulnerable Groups Act 2006 and Secretary of State directions issued there under.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in

accordance with the Safeguarding of Vulnerable Groups Act 2006 and directions made there under by the Secretary of State.

- the information given in the Management Commentary section included within the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

Report

I have audited the financial statements which are prepared on a going concern basis. The financial statements note that on 15 June 2010, the Home Secretary announced a review into the Vetting and Barring Scheme. Notwithstanding this announcement, I am content that the basis of preparation remains appropriate and that the evidence available to me at the date of this report does not indicate that there is a material uncertainty which may cast doubt upon ISA's ability to continue as a going concern.

I have no other observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria London
SW1W 9SP

22nd July 2010





IFRS Statement of Accounts

Year Ending 31st March 2010

Net Expenditure Account for the period ended 31/03/2010

	Notes	2009/2010 £'000	Restated 2008/2009 £'000
Expenditure			
Staff costs	5	(9,682)	(5,801)
Accommodation costs	6	(1,198)	(782)
Administrative costs	6	(3,293)	(2,161)
		(14,173)	(8,744)
Income			
Income from activities		-	-
Release of Government Grant		1,149	398
		1,149	398
Net expenditure		(13,024)	(8,346)
Cost of Capital Reversal	6	88	65
Interest (payable)/receivable		-	-
Net expenditure after cost of capital and interest		(12,936)	(8,281)

All operations of the ISA are continuing. The notes on pages 50 to 65 form part of these Accounts.





Statement of Financial Position
for the period ended 31/03/2010

		2009/2010	Restated 2008/2009	2007/2008
	Notes	£'000	£'000	£'000
Non-current Assets				
Property, plant and equipment	7	2,149	2,295	-
Intangible assets	8	476	831	-
Total non-current assets		2,625	3,126	-
Current assets:				
Assets classified as held for sale		-	-	-
Trade and other receivables	9	247	335	-
Other current assets		-	-	-
Financial assets		-	-	-
Cash and cash equivalents	10	772	558	-
Total current assets		1,019	893	-
Total assets		3,644	4,019	-
Current liabilities				
Trade and other payables	11	(930)	(1,006)	(194)
Other liabilities		-	-	-
Total current liabilities		(930)	(1,006)	(194)
Non-current assets plus current assets less current liabilities		2,714	3,013	(194)
Non-current liabilities				
Provisions	12	(349)	(231)	-
Total non-current liabilities		(349)	(231)	-
Assets less liabilities		2,365	2,782	(194)
Reserves				
Government Grant Reserve		2,385	2,958	-
Revaluation reserve		-	-	-
General reserve		(20)	(176)	(194)
		2,365	2,782	(194)

Approved by Adrian McAllister as Accounting Officer for the ISA

Signed:

Adrian McAllister

Date: 12th July 2010

**IFRS Statement of Accounts - Continued****Statement of Cash flows**

for the period ended 31/03/2010

	Notes	2009/2010 £'000	2008/2009 £'000
Cash flows from operating activities			
Net Surplus/(deficit) before interest but after cost of capital.		(13,024)	(8,346)
Adjustment for non cash items			
Cost of capital charge	6	88	65
Depreciation and amortisation	7,8	1,199	461
Release of Government Grant		(1,149)	(398)
Decrease/(Increase) in trade and other receivables		88	(335)
Increase/(Decrease) in trade payables		(76)	812
Movement in provisions		118	231
Net Cash outflow from operating activities		(12,756)	(7,510)
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(541)	(2,653)
Purchase of Intangible assets	8	(157)	(934)
Net cash outflow from investing activities		(698)	(3,587)
Cash flows from financing activities			
Grants from parent department	4	13,668	11,655
Net financing		13,668	11,655
Net increase/(decrease) in cash and cash equivalents in the period	10	214	558
Cash and cash equivalents at the beginning of the period	10	558	-
Cash and cash equivalents at the end of the period	10	772	558



Statement of Changes in Tax Payers Equity for the period ended 31/03/2010

	Notes	Capital Reserve £'000	General Reserve £'000	Total Reserve £'000
Balance as at 31 March 2008		-	(194)	(194)
		-	(194)	(194)
Changes in reserves 2008/09				
Net gain/(loss) on revaluation				
Transfer between reserves				
Retained Surplus/deficit on activities		(398)	(8,281)	(8,679)
Total recognised income and expense for 2008/2009		(398)	(8,281)	(8,679)
Grant from Parent	4	3356	8,299	11,655
Balance at 1st April 2009		2,958	(176)	2,782
Changes in taxpayers' equity to Mar 2010				
Net gain/(loss) on revaluation				
Transfer between reserves				
Retained Surplus/deficit on activities		(1,149)	(12,936)	(14,085)
Total recognised income and expense for 2009/2010		(1,149)	(12,936)	(14,085)
Grant from Parent	4	576	13,092	13,668
Balance at 31 March 2010		2,385	(20)	2,365

No Grant in Aid (GIA) was physically received in 2007/2008 as all expenditure was on an accrual basis. The funds to meet this expenditure were received in April 2008 and are included in the GIA received figure for 2008/2009. Assets to the value of £1,605,169 were transferred to the ISA in 2008/2009 from the Home Office. These assets were purchased through the Vetting and Barring Scheme (VBS) programme as part of the set-up of the ISA. The value of the assets transferred has been recorded as a notional government grant, this grant is released to the Net Expenditure Account over the life of the assets.

The 2007/08 figures cover expenditure for the period from the 21 February 2008, when the ISA was granted authority to spend, to the 31 March 2008 and are not a full year comparator.

The notes on pages 50 to 65 form part of these Accounts.



IFRS Statement of Accounts - Continued

1. Statement of accounting policies

a) Basis of preparation

These financial statements have been prepared in accordance with the Accounts Direction given by the Secretary of State for the Home Office under paragraph 12(1) Schedule 1 to the Safeguarding of Vulnerable Groups Act 2006. The Accounts Direction requires the financial statements to be prepared in accordance with the Government Financial Reporting Manual (FRoM) issued by HM Treasury. The accounting policies contained in the FRoM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector. Where the FRoM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the ISA for the purposes of giving a true and fair view have been selected.

The financial statements have been prepared under the historical cost convention.

A summary of the ISA's principal accounting policies is set out below. These have been applied consistently throughout the year.

b) Going Concern Policy

Grant in aid for the ISA for 2010/11 has been confirmed by the ISA's sponsor unit and already included in the Home Office's Departmental Estimate for that year, which has been approved by Parliament. There is no reason to believe that the Department's future sponsorship and future Parliamentary approval will not be forthcoming. It has, therefore, been considered appropriate to adopt a going concern basis for the preparation of these financial statements. Subsequent events set out in note 14 have also been taken into consideration in the going concern policy.

c) Grant in Aid and income recognition policy

Grant in Aid received for revenue expenditure

is regarded as funding and is credited direct to the General Reserve in accordance with the FRoM

Grant received for capital expenditure relating to specific assets, is credited to a Government Grant Reserve. Each year, an amount equal to the depreciation charge on the specific fixed assets acquired, will be released from the Government Grant Reserve to income over the useful economic life of the asset. Any Grant in Aid for the purchase of fixed assets in general is credited to the General Reserve.

d) Pensions

The pensions arrangements for the Authority are covered by the Superannuation Act 1972 and reflects benefits for members of the Principal Civil Service Pension Scheme. The Act provides for defined pension benefits to be met from the Consolidated Fund and no liability rests with the Independent Safeguarding Authority.

Past and present employees of the Authority are covered by the provisions of the Principal Civil Service Pension Scheme. The Scheme is a defined benefit scheme and liability rests with the Scheme and not the Authority. Benefits are paid from the Civil Superannuation Vote to which the Authority makes contributions calculated to cover accruing pension entitlement for staff employed. Statements of account for the Scheme are provided by the Cabinet Office Civil Superannuation Resource Account, 2009/10.

For further information see the Remuneration Report.

e) Cost of Capital

In accordance with the requirements of the International Financial Reporting Manual a notional charge for the cost of capital employed is included in the Net Expenditure



Account along with an equivalent notional income to finance the charge. The charge is calculated as 3.5% of the average value of capital employed.

f) Non-Current Assets Policy

Capital assets, both tangible and intangible, are individual assets or groups of assets normally costing or valued at or above a capitalisation threshold set by the Accounting Officer (currently £5,000) and with an expected working life of more than one year.

In line with guidance on recognition of non current assets contained in the FREM asset are carried at fair value. Depreciated historical cost is used as a proxy for fair value for all assets as they are deemed to be immaterial or have a short useful life.

During 2009-2010 the ISA reviewed its accounting treatment for assets created by the Home Office under the VBS scheme and has concluded that recording IT asset's on the ISA's Statement of Financial Position provides a more appropriate representation of the economic substance of ISA's arrangement with the Home Office.

Under preparation for the VBS scheme, the Home Office is responsible for the procurement of assets which are then granted to ISA.

g) Depreciation & Amortisation

Non-Current assets are depreciated on a straight-line basis over their estimated useful lives. Assets in the course of construction are not depreciated until the asset is brought into use.

The following asset lives are applied:

Furniture and fittings - 7 years

Fit-out of Stephenson House for floors Ground, 1st & 2nd - 9.25 years to correspond with end of lease.

Fit-out of Stephenson House for 3rd floor - 7.42 years to correspond with end of lease.

Equipment - 5 years

Computer equipment and hardware (uCRM) transferred from Home Office - from the date of recognition to the 31/01/2011

Software (uCRM) transferred from Home Office - from the date of recognition to the 31/01/2011

h) Operating Leases

Payments are charged to the Income and Expenditure account on a straight line basis over the life of the lease.

i) VAT Policy

The ISA pays VAT on all expenditure with no reclamation.

j) Provisions

For property provisions the ISA recognises a dilapidation provision for the leased premises currently occupied where it has an obligation to bring the property into a good state of repair at the end of lease. In line with IAS37 'Provisions, contingent liabilities and assets', the costs of reinstatement have also been recognised as a tangible fixed asset, part of fit-out, and will be depreciated over the period to the first break clause of the lease.

A provision for the Ground, First and Second floors of Stephenson House has been created for £237k which will be depreciated over 4.25 years to the first break clause in the lease to 1st July 2012.

A provision for the Third floor of Stephenson House has been created for £110k which will be depreciated over 2.33 years to the first break clause in the lease on 1st July 2012.

When the costs crystallise a grant to fund the whole of the provision will be drawn down from the Home Office.



IFRS Statement of Accounts - Continued

2. First-time adoption of IFRS

a) Adjustment for the treatment of employee benefits, holiday pay, and flexi hours accrual

	Government Grant £'000	Revaluation Reserve £'000	Genera Reserve £'000	Total Reserve £'000
Taxpayers' equity at 31 March 2008 under UK GAAP	-	-	(158)	(158)
Adjustments for:				
"Employee benefits, holiday pay and flexi hours accrual"	-	-	(36)	(36)
Taxpayers equity at 31 March 2008 under IFRS	-	-	(194)	(194)
Taxpayers' equity at 31 March 2009 under UK GAAP	2,958	-	(60)	(2,898)
Adjustments for:				
"Employee benefits, holiday pay and flexi hours accrual"	-	-	(116)	(116)
Taxpayers equity at 31 March 2009 under IFRS	2,958	-	(176)	(2,782)
Net Expenditure for 2008/2009 under UK GAAP	398	-	(8,201)	(8,599)
Adjustments for:				
Employee benefits, holiday pay and flexi hours accrual	-	-	(80)	(80)
Net Expenditure for 2008/2009 under IFRS	398	-	(8,281)	(8,679)

b) Adjustment for the split between tangible and intangible assets for IFRS

	Tangible IT Assets £'000	In-Tangible IT Assets £'000	Total £'000
Total cost as at 31 March 2009	1,727	-	1,727
Asset transfer to in-tangible assets	(934)	934	-
Opening Cost as at 1 April 2009	793	934	1,727
Depreciation as at 31 March 2009	(184)	-	(184)
Depreciation for intangibles	103	(103)	-
Opening Depreciation as at 1 April 2009	(81)	(103)	(184)
Total Revised net book value as at 31 March 2009	712	831	1,543

The previously published financial statements for 2008/2009 were prepared under UK GAAP. The figures for 2008/2009 included within this report have been adjusted as per the above tables to reflect the reporting requirements under IFRS.

3. Analysis of Net Expenditure by Segment

	Operations £	Finance & Corporate Resources £	People & Development £	Performance & Stakeholder Management £	Chief Executive Officer & Board £	Project Costs £	Total Costs £
Staff Costs Salaries	5,869,138	468,954	383,502	637,853	478,870	235,361	8,073,678
Other Staff Costs	152,025	318,751	219,369	120,764	33,817	1,167,494	2,012,220
Building Costs		1,273,514		871			1,274,385
Vehicle Costs		15,127				120	15,247
Admin Costs	-	165,456	169	16,746		-	182,371
Fees and Expenses	348,192	257,229	45,461	6,592	-		657,474
Training and Conferences	-	-	125,532	7,290	-		132,822
IT Purchase Costs	-	77,225	-	-	-		77,225
Equipment Costs	-	431,970	-	-	-		431,970
Refreshments and Hospitality	-	20,734	-	-	-	32	20,766
Contingency	-	-	-	-	-	-	-
Total Costs	6,369,355	3,028,960	774,033	790,116	512,687	1,403,007	12,878,158

Prior to September 2009 expenditure budgets were controlled and reported on collectively with the exception of the costs associated with the set up of the ISA which are referred to in the above table as Project costs, comparative information is therefore not available for 2008-2009.

In September 2009 budgets were delegated to directorate level as per the segments reported above. Meetings are held on a monthly basis with the head of each directorate to discuss historical expenditure and future requirements to ensure that funds and resources are allocated appropriately throughout the ISA.

A consolidated report is prepared for the executive management team in order to facilitate collective decisions regarding the overall funding and resource requirements for the ISA. A summarised version of this report is prepared for the ISA Board to review.

Non-Current assets are reported on collectively as such the segmental reporting excludes depreciation and cost of capital for 2009/2010



IFRS Statement of Accounts - Continued

4. Grant in Aid

The ISA is funded by Grant in Aid (GIA) received from the Home Office.

	2009/2010 £'000	2008/2009 £'000
GIA received for revenue expenditure	12,691	8,299
Grant received for revenue expenditure (notional)	389	-
GIA received for capital expenditure	12	-
Grant received for capital expenditure (notional)	576	3,356
Total Grant in Aid in the period	13,668	11,655

The majority of the Grant in Aid received for the year has been for revenue expenditure with a small amount for capital expenditure. Notional grants received in the period were to cover non-current assets transferred from the Home Office and additional accommodation costs reported in revenue.

Prior Year Adjustment

The 2008/2009 figure for notional grant received for capital expenditure has been revised to reflect the prior year adjustment as detailed in note 7 and 8.





5. Staff Numbers and Related Costs

	Permanently Employed Staff £' 000	Others £' 000	2009/2010 Total £' 000	Restated 2008/2009 Total £' 000
Staff costs comprise:				
Wages & Salaries	6,233	223	6,456	3,628
Social Security Costs	480	19	499	285
Other Pension Costs	1,102	21	1,123	598
Sub Total	7,815	263	8,078	4,511
Less Recoveries in respect of outward secondments	(3)	(2)	(5)	(2)
Temporary Staff	-	1,609	1,609	1,292
Total net costs	7,812	1,870	9,682	5,801

Other staff costs include staff on fixed-term contract of less than 12 months duration and the cost of temporary workers employed via agencies.

Average Number of persons employed

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

	Permanently Employed Staff	Others	2009/2010 Total	2008/2009 Total
Directly Employed	223	8	231	124
Other	-	24	24	20
Staff engaged on capital projects	-	-	-	-
	223	32	255	144



IFRS Statement of Accounts - Continued

6. Accommodation & Administration Costs

	2009/2010 £'000	2008/2009 £'000
6.1 Accommodation Costs		
Accommodation costs include the following:		
Rent	450	447
Additional Accommodation Costs	389	-
Service Charges	186	191
Rates	137	131
Insurance	7	7
Maintenance Buildings	29	6
Total Accommodation Costs	1,198	782

	2009/2010 £'000	Restated 2008/2009 £'000
6.2 Administration Costs		
Administrative costs include the following:		
Equipment Rental & Maintenance	410	394
National Policing Improvement Agency	288	-
Travel & Subsistence	256	110
Treasury Solicitors' Fees	177	142
Training Costs	126	163
Stationery & Printing	101	91
IT Support Costs	68	-
Professional fees	76	220
Recruitment Costs	81	166
Other Staff Costs	68	61
Postage & Telephone Costs	60	
Security	47	60
ACPO Criminal Records Office	40	-
Equipment Purchase < 5K	32	38
Cleaning	29	23
Refreshments, Hospitality & Conferences	28	26
Internal Audit Fees	36	28
Hire of Vehicle	15	13
General Expenses	13	34

External Audit Fees	40	30
Offsite Storage	7	-
Advertising	-	36
Total Admin Costs	1,998	1,635

Non cash items

Depreciation	1,199	461
Cost of capital charges	88	65
Unwinding of Re-instatement Provision	8	-
Total Non Cash Items	1,295	526
Total Admin Costs and Non Cash Items	3,293	2,161

Prior Year Adjustment

As a result of the prior year adjustment to tangible and intangible assets as detailed in notes 7 and 8 an adjustment has been made to increase the depreciation charge in 2008/2009 from £275,912 to £460,780, and cost of capital charges increased from £52,454 to £64,870.





IFRS Statement of Accounts - Continued

7. Tangible Non-Current Assets

	Furniture & Fittings £'000	Fit-out £'000	Equipment £'000	Information Technology - Hardware £'000	Total £'000
Cost or valuation					
Cost / valuation at 1 April 2009	365	1,126	368	793	2,652
Additions	138	378	2	23	541
Disposals	-	-	-	-	-
Cost / valuation at 31 Mar 2010	503	1,504	370	816	3,193
Depreciation					
Depreciation at 1 April 2009	(52)	(150)	(74)	(81)	(357)
Disposals	-	-	-	-	-
Charge for the year	(57)	(157)	(74)	(399)	(687)
Depreciation at 31 March 2010	(109)	(307)	(148)	(480)	(1,044)
Net book value at 31 March 2010	394	1,197	222	336	2,149
Net book value at 31 March 2009	313	976	294	712	2,295
Net book value at 31 March 2008	-	-	-	-	-



1. Prior Year Adjustments

In line with the disclosure in Note 1 Statement of Accounting Policies item (f), during 2009-2010 the ISA reviewed its accounting treatment for assets created by the Home Office under the VBS scheme and has concluded that recording IT assets on the ISA's Statement of Financial Position provides a more appropriate representation of the economic substance of ISA's arrangement with the Home Office.

As a result of the above a prior year adjustment has been made to recognise the value of the uCRM IT asset and associated depreciation as at 31 March 2009, as follows:

- Increase to fixtures and fittings in relation to the cabling works at a cost of £23,362 and depreciation of £234 resulting in an increase to net book value of £23,128 as at 31 March 2009.
- Increase to IT Hardware cost of £793,515 and depreciation of £81,201 resulting in an increase to net book value of £712,314 as at 31 March 2009.

2. Included within the depreciation charge for 2009/2010 are two adjustments to the 2008/2009 charge.

(a) The periods of depreciation for the refurbishment costs included within fit out costs have been reduced from 10 years to 9.25 years to bring it into line with the lease terms. The adjustment has required additional depreciation to be posted of £7,070 in 2009/2010.

(b) During the 2008/2009 it was identified that the depreciation charge for the dilapidation provision was over stated by £16,767. Due to materiality this error was noted for adjustment in 2009/2010, subsequently it was identified that the depreciation periods needed to be adjusted from 5 years to 4.25 years to coincide with the first break clause in the lease as such the final adjustment posted in the 2009/2010 accounts was a reduction to the charge for 2008/2009 of £8,613.

3. Movements during the year

Non Current Assets to the value of £418,411 were transferred to the ISA in 2009/2010 (£2,422,046 in 2008/2009 including prior year adjustment) from the Home Office. These assets were purchased through the Vetting and Barring Scheme (VBS) programme as part of the set-up of the ISA. The value of the assets transferred have been recorded as a notional Government Grant. This grant is released to the Net Expenditure Account over the life of the asset.

It is anticipated that there will be further assets developed and transferred by the VBS scheme in future accounting periods.



IFRS Statement of Accounts - Continued

8. Intangible assets

	Information Technology £'000	Software Licences £'000	Total £'000
Cost or valuation			
At 1 April 2009	534	400	934
Additions	157	-	157
Donations	-	-	-
Disposals	-	-	-
Impairments	-	-	-
Revaluation	-	-	-
At 31 March 2010	691	400	1,091
Amortisation			
At 1 April 2009	(62)	(41)	(103)
Charged in year	(316)	(196)	(512)
Disposals	-	-	-
Impairments	-	-	-
Revaluation	-	-	-
At 31 March 2010	(378)	(237)	(615)
Net book value at 31 March 2010	313	163	476
Cost or valuation			
At 1 April 2008	-	-	-
Additions	534	400	934
Donations	-	-	-
Disposals	-	-	-
Impairments	-	-	-
Revaluation	-	-	-
At 31 March 2009	534	400	934
Amortisation			
At 1 April 2008	-	-	-
Charged in year	(62)	(41)	(103)
Disposals	-	-	-
Impairments	-	-	-
Revaluation	-	-	-
At 31 March 2009	(62)	(41)	(103)
Net book value at 31 March 2009	472	359	831
Net book value at 31 March 2008	-	-	-



1. Prior Year Adjustments

In line with the disclosure in Note 1 Statement of Accounting Policies item (f), during 2009-2010 the ISA reviewed its accounting treatment for assets created by the Home Office under the VBS scheme and has concluded that recording IT assets on the ISA's Statement of Financial Position provides a more appropriate representation of the economic substance of ISA's arrangement with the Home Office.

As a result of the above a prior year adjustment has been made to recognise the value of the uCRM IT asset and associated depreciation as at 31 March 2009, as follows:

- Increase to information technology at a cost of £534,013 and depreciation of £62,062 resulting in an increase to net book value of £471,951 as at 31 March 2009.
- Increase to software licences at a cost of £399,975 and depreciation of £41,371 resulting in an increase to net book value of £358,604 as at 31 March 2009.

2. Movements during the year

Intangible Assets to the value of £157,372 were transferred to the ISA in 2009/2010 (£933,988 in 2008/2009 including prior year adjustment) from the Home Office. These assets were purchased through the Vetting and Barring Scheme (VBS) programme as part of the set-up of the ISA. The value of the assets transferred has been recorded as a notional Government Grant. This grant is released to the Net Expenditure Account over the life of the asset.



IFRS Statement of Accounts - Continued

9. Trade receivables and other current assets

	2009/2010 £'000	2008/2009 £'000	2007/08 £'000
Amounts falling due within one year:			
Other receivables	50	53	-
Prepayments and accrued Income	197	282	-
Total receivables as at 31 March	247	335	-

Intra Government Balances

Balances with central government bodies	57	47	-
Balances with police and local authorities		137	-
Total intra government	57	184	-
Balances with bodies external to external to government	190	151	-
Total as at 31 March	247	335	-

10. Cash and cash equivalents

	2009/2010 £'000	2008/2009 £'000	2007/08 £'000
Balance at 1 April	558	-	-
Net change in cash balances	214	558	-
Balance at 31 Mar	772	558	-

All cash is held with the Natwest Bank in a commercial account.

11. Trade payables and other current liabilities

	2009/2010 £'000	2008/2009 £'000	2007/08 £'000
Trade payables	(232)	(374)	(63)
Accruals and deferred income	(698)	(632)	(131)
Other payables	-	-	-
Taxation and social security	-	-	-
Total payables as at 31 Mar	(930)	(1,006)	(194)

Intra Government Balances

Balances with central government bodies	(146)	(149)	-
Balances with police and local authorities	(10)	(137)	-
Total intra government	(156)	(286)	-
Balances with bodies external to external to government	(774)	(720)	(194)
Total as at 31 March	(930)	(1,006)	(194)

12. Provisions for liabilities and charges

Reinstatement Provision

	2009/2010 £'000
Provision at 1 April 2009	231
Provided in year: creation of tangible asset	110
Unwinding of discount	8
Balance at 31 March 2010	349
Analysis of expected timing of discounted flows Between 1 and 5 years	349
Provision as at 1st April 2008	-

For property provisions the ISA recognises a dilapidation provision for the leased premises currently occupied where it has an obligation to bring the property into a good state of repair at the end of lease. The provision is based on the contractual agreement between the ISA and the landlord. In line with IAS37 'Provisions, contingent liabilities and assets', the costs of reinstatement have also been recognised as a tangible non-current asset, part of fit-out, and will be depreciated over the period to the first break clause of the lease which is 5 years.

13. Commitments under leases

Operating leases

Total future minimum lease payments under operating leases are given in the table below, analysed according to the period in which the lease expires.

	2009/2010 £'000	2008/2009 £'000
Obligations under operating leases for buildings		
Not later than one year	549	444
Later than one year and not later than five years	824	1,129
Later than five years	-	-
Total at 31 March	1,373	1,573

The operating lease for the rent on Stephenson House is 10 years from July 2007 to July 2017 with a break clause at 5, 7 and 10 years. In order to exercise the break clause, the ISA must give written notice 6 months prior to the break date, and pay a break fee of 3 months rent plus VAT. In March 2010 a further operating lease was taken out for the 3rd Floor of Stephenson House with the break clause aligned with the existing leases. The figures above do not include any provision for the rent reviews which are due after 5 years.

Stephenson House is a newly built property of a general office type construction. This together with the relative short term of the lease when compared to the economic life of the building indicates that this obligation does not constitute a finance lease. No allocation of the operating lease between land and buildings is deemed necessary.



IFRS Statement of Accounts - Continued

14. Subsequent Events

On June 15th 2010, the Coalition Government announced that they will be conducting a review of the Vetting and Barring Scheme. Registration, which was due to start on July 26th on a voluntary basis for all those new to the workforce or moving jobs, was halted to allow the government to remodel the scheme. Further details of the scope of the review will be announced at a later date. This announcement has been taken into account in preparing the Annual Report and Accounts and we are satisfied that it remains appropriate to do so on a going concern basis. These accounts were authorised for issue on the July 22nd 2010, the date that the accounts were certified by the Comptroller & Auditor General.

15. Financial Instruments

The ISA has no borrowings and relies on Grant in Aid from the Home Office for its cash requirements. It is, therefore, not exposed to any credit or liquidity risks. It has no material deposits, and all material assets and liabilities are denominated in sterling, so it is not exposed to interest rate risk or currency risk.

16. Related Party Transactions

The Home Office is the sponsor department of the ISA and is regarded as a related party. During the year ended 31 March 2010 the ISA has had a significant number of material transactions with the Home Office, and with other entities for which the Home Office is regarded as the parent Department, these entities are listed below:

- The Identity and Passport Service
- National Policing Improvement Agency

In addition, the Authority has had a small number of material transactions with other government departments and other central government bodies. Most of these transactions have been with the Treasury Solicitors.

The Independent Safeguarding Authority maintains a register of interests for Board Members. This register is available to the public from the ISA Secretariat. Where decisions are taken which could reasonably be seen as giving rise to a conflict of interest individuals are required to declare the relevant interest and where appropriate, withdraw from participating in the taking of the decision. During the year Lucy Faithful Foundation for which Donald Findlater, a Board Member of the Authority, is a director, provided services to the Independent Safeguarding Authority to the value of £32,196. Donald Findlater formally declared an interest in this respect, and was not involved in any way with the tender process to award this contract.

17. IFRSs, amendments and interpretations in issue but not yet effective, or adopted

IAS8, accounting policies, changes in accounting estimates and errors, require disclosures in respect of new IFRSs, amendments and interpretations that are, or will be applicable after the reporting period. There are a number of IFRSs, amendments and interpretations that have been issued by the International Accounting Standards Board that are effective for financial statements after this reporting period. None of these new or amended standards and interpretations are likely to be applicable or are anticipated to have a future material impact on the financial statements of the Independent Safeguarding Authority.

In addition, the following are changes to the FReM, which will be applicable for accounting periods beginning on 1 April 2010:

Chapter 11 income and expenditure - Removal of cost of capital charges

Cost of capital charges for year ending 31 March 2010 amounted to £88k therefore this change is not expected to have a future material impact on the financial statements of the Independent Safeguarding Authority.





Notes



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