

Presented to Parliament pursuant to c.39, section 35(5), National Lottery etc. Act 1993 (as amended by the National Lottery Act 1998)

Sports Council for Northern Ireland Lottery Distribution Account 2008-2009

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Directors' Report

Statutory Background

The Sports Council for Northern Ireland (Sports Council), is the statutory body through which public funding for sport in Northern Ireland is channelled. It was established on 31 December 1973 under the provisions of Article 3 of the Recreation and Youth Service (Northern Ireland) Order 1973. Its object is the furtherance of sport and physical recreation and its functions are as provided by Article 3 of the Recreation and Youth Service (Northern Ireland) Order 1986.

The National Lottery etc. Act 1993 (the 1993 Act) established the National Lottery and designated five 'good causes': arts, sport, national heritage, charitable projects and projects to mark the year 2001 and the beginning of the third millennium. The National Lottery Act 1998 (the 1998 Act) which came into force in July 1998 established a sixth good cause, the New Opportunities Fund. Each of the good causes receives a percentage of the net proceeds of the Lottery paid out of the National Lottery Distribution Fund (NLDF).

The Sports Council is charged under the 1993 Act with responsibility for distributing 2.8 per cent of the money allocated to sport. However, as of July 1999, the Sports Council received a reduced contribution of 2.6 per cent as a top sliced contribution of 0.2 per cent became payable to the United Kingdom Sports Council in respect of the United Kingdom wide World Class Performance Programme for elite athletes. In February 2008 a statutory instrument (SI 2008 No. 255 The Payments into the Olympic Lottery Distribution Fund etc. Order 2008) was passed which allowed for the transfer of up to £1,085m from the National Lottery Distribution Fund to the Olympic Lottery Distribution Fund in order to meet some of the costs of hosting the 2012 games.

The Sports Council is required to prepare a statement of accounts for each financial year in accordance with sections 35(2) and 35(3) of the National Lottery etc. Act 1993 and accounts direction given by the Department of Culture, Arts and Leisure (DCAL), with the approval of the Secretary of State for Culture, Media and Sport (DCMS). DCAL issued revised Lottery Policy Directions to Sports Council on 16 April 2008, a copy of which is attached to the end of these financial statements. From 16 April 2008 onwards, Sports Council for Northern Ireland will observe the requirements of these revised directions when distributing funds from the National Lottery.

Principal functions related to National Lottery Distribution activities

The Sports Council has developed its policies and procedures for the Lottery Fund within the framework of the 1993 Act (as amended by the National Lottery Act 1998) and the policy and financial directions (the Directions) issued under the Act by DCAL. The Sports Council's policies and procedures are continually under review to ensure that they comply with requirements, remain appropriate and that the maximum benefit is achieved for sport in Northern Ireland.

A requirement of the 1998 Act is that the Sports Council prepares and adopts a strategic plan for the distribution of its share of lottery income. The Sports Council has therefore produced a Corporate Plan which covers the period 2008-2011 and outlines how the Sports Council will allocate its share of lottery funding during these four years. The plan illustrates the Sports Council's priorities, activities, targets and programmes during this period.

All applications for funding, regardless of whether they are for capital or revenue grants, are considered in the first instance by the Sports Council's Lottery Committee (unless the Council has agreed delegated decision limits) which is drawn from members of the Sports Council. The proposals are then presented to the members of the Sports Council for approval.

Council Members of the Sports Council and Members of its Lottery Committee

The Sports Council consists of a Chairman and Vice-Chairman and other persons appointed by the Minister, after a selection and recruitment process that is carried out by DCAL. The function of the Sports Council is to

- advise DCAL and other government departments, education and library boards, district councils and other relevant bodies on matters relating to sport and physical recreation;

- encourage the provision of facilities for, and participation in, sport and physical recreation;
- assist the provision of relevant services and the organising or supporting of, or participating in, relevant events;
- assist bodies providing relevant support services; and
- to appoint the Chief Executive by open competition, after consultation with DCAL.

The Participation, Performance and Places Committees are nominated to advise Sports Council on matters relating to the disbursement of the Lottery Fund and have power in accordance with the policies and criteria adopted by the Sports Council.

The Participation Committee is nominated to advise on policy and practice and implement Council decisions relating to the development of participation in sport in Northern Ireland. The Committee has powers in accordance with the policies and criteria adopted by the Council to

- provide policy advice to Council in respect of increasing participation in sport in Northern Ireland;
- recommend to Council the allocation of funds and other resources to eligible and prioritised schemes in accordance with the agreed policies and criteria;
- inform Council of decisions taken within agreed delegated authority limits regarding the allocation of funds and other resources to eligible and prioritised schemes in accordance with agreed policies and criteria;
- ensure that policies and programmes provide for equality of opportunity; and
- ensure that a strategic monitoring and evaluation process is in place.

The Performance Committee is nominated to advise on policy and practice and implement Council decisions relating to athlete and organisational performance in Northern Ireland. The Committee has powers in accordance with the policies and criteria adopted by the Council to

- provide policy advice to Council in respect of increasing athlete and organisational performance in sport in Northern Ireland;
- recommend to Council the allocation of funds and other resources to eligible and prioritised schemes in accordance with the agreed policies and criteria;
- inform Council of decisions taken within agreed delegated authority limits regarding the allocation of funds and other resources to eligible and prioritised schemes in accordance with agreed policies and criteria;
- ensure that policies and programmes provide for equality of opportunity; and
- ensure that a strategic monitoring and evaluation process is in place.

The Places Committee is nominated to advise on policy and practice and implement Council decisions relating to sport facilities provision in Northern Ireland. The Committee has powers in accordance with the policies and criteria adopted by the Council to

- provide policy advice to Council in respect of sports facilities provision in Northern Ireland;
- recommend to Council the allocation of funds and other resources to eligible and prioritised schemes in accordance with the agreed policies and criteria;
- inform Council of decisions taken within agreed delegated authority limits regarding the allocation of funds and other resources to eligible and prioritised schemes in accordance with agreed policies and criteria;
- ensure that policies and programmes provide for equality of opportunity; and
- ensure that a strategic monitoring and evaluation process is in place.

DCAL appointed members of Sports Council on 1 January 2008 for a term of four years. The members of the Participation, Performance and Places Committees are nominated by the Sports Council.

The following persons served as members during the financial year 2008-2009.

Sports Council Membership

Mr D Walsh (Chairman)

Appointed Chairman on 1 August 2008. Acting Chairman from 1 January 2008 to 31 July 2008.

Position Vacant (Vice-Chairman)

Ms U Duncan

Dr O Brown

Mr A Moneypenny

Mr M Cowan

Mr B Macaulay

Mr D O'Connor

Ms M Muldoon

Mr J D'Arcy

Mr B McCargo

Mr H McCaughey

Mr P Turnbull

Mr J Rodgers

Mr A Strong

Participation Committee

Mr B McCargo (Chairman)

Clr J Rodgers

Mr J D'Arcy

Mr M Cowan

Ms U Duncan

Mr A Moneypenny

Places Committee Term

Mr A Strong (Chairman)

Mr B McCargo

Mr H McCaughey

Ms M Muldoon

Mr M Cowan

Mr P Turnbull

Performance Committee

Mr D O'Connor (Chairman)

Mr A Strong

Mr B Macaulay

Mr P Turnbull

Dr O Brown

Mr H McCaughey

Auditors

External Audit

Under Section 35(5) of the National Lottery etc. Act 1993, the Comptroller and Auditor General examines and certifies the financial statements of the National Lottery Distribution bodies and lays copies of the statement and his report before Parliament.

The audit fee for the 2008-2009 financial statements amounted to £23,000 (2007-2008: £23,500).

Internal Audit and the Audit Committee

Sports Council have an internal auditor who reports to the Audit Committee on matters. During the year the following were the members of the Audit Committee

Dr O Brown (Chairperson)

Mr P Turnbull

Mr J D'Arcy

Mr J Rodgers

The Audit Committee will advise the Chief Executive and Council on

- the strategic processes for risk, control and governance;
- the accounting policies and the accounts of the organisation;
- the planned activity and results of both internal and external audit;
- adequacy of management response to issues identified by audit activity; and
- assurances relating to the corporate governance requirements for the organisation.

Equality of opportunity

The Sports Council is committed to the development of positive policies to promote equal opportunity in employment based on practices which are non-discriminatory as between people of differing abilities, religion, political view, nationality, race, colour or sex.

Employees with a disability

The Sports Council ensures that people with a disability are given opportunities for suitable employment and that they are not discriminated against on the grounds of disability for recruitment, training or promotion purposes.

Employee consultation

On matters of policy and procedure, which affect the employees of the Sports Council, the Sports Council normally consults with the recognised trade union of which the staff are members. This trade union is also a member of the Whitley Council which negotiates the terms and conditions of members with the Northern Ireland Department of Finance and Personnel.

Environmental matters

Sports Council is committed to making sport happen in a sustainable way. There is wide spread interest and concern in ensuring that sport and recreation are as sustainable as possible and take place with minimal adverse environmental impact. Sports Council recognises its role in sport and the community and will promote the application of best environmental practice. In October 2008, Sports Council produced an Environmental Policy which it is currently working towards implementing.

Sickness absence data

The Sports Council had 3.39 per cent or 578 days absence in 2008-2009 (1.96 per cent or 499 days: 2007-2008). The reason for the change from 2007-2008 is due to several people on long term absence.

Personal data related incidents

There were no incidents during the year.

Payment policy

The Sports Council is committed to the prompt payment of bills for goods and services in accordance with the Better Payment Practice Code. Bills are paid within 30 days of receipt of the goods or services, or presentation of a valid invoice or similar demand, whichever is later. Calculations are based on the date on the invoice.

A review conducted at the end of the year to measure how promptly the Sports Council paid its bills found that 99 per cent were paid within this standard. The comparable figure for the previous year was 99 per cent.

In response to the current economic position, the Department of Business Enterprise and Regulatory Reform announced in October 2008 that

"central Government has committed to paying businesses within 10 days – and we're urgently speaking to the wider public sector to extend this commitment."

Sports Council is currently looking at revising internal timescales for the processing and payment of invoices.

Political and charitable donations

The Sports Council made no political donations during the year. Charitable donations related to a number of old computer hardware items, which had been fully depreciated in the Sports Council fixed asset register.

Implementation of International Financial Reporting Standards

Sports Council is working towards the implementation of IFRS in 2009-2010.

Management Commentary

Principal risks and uncertainties

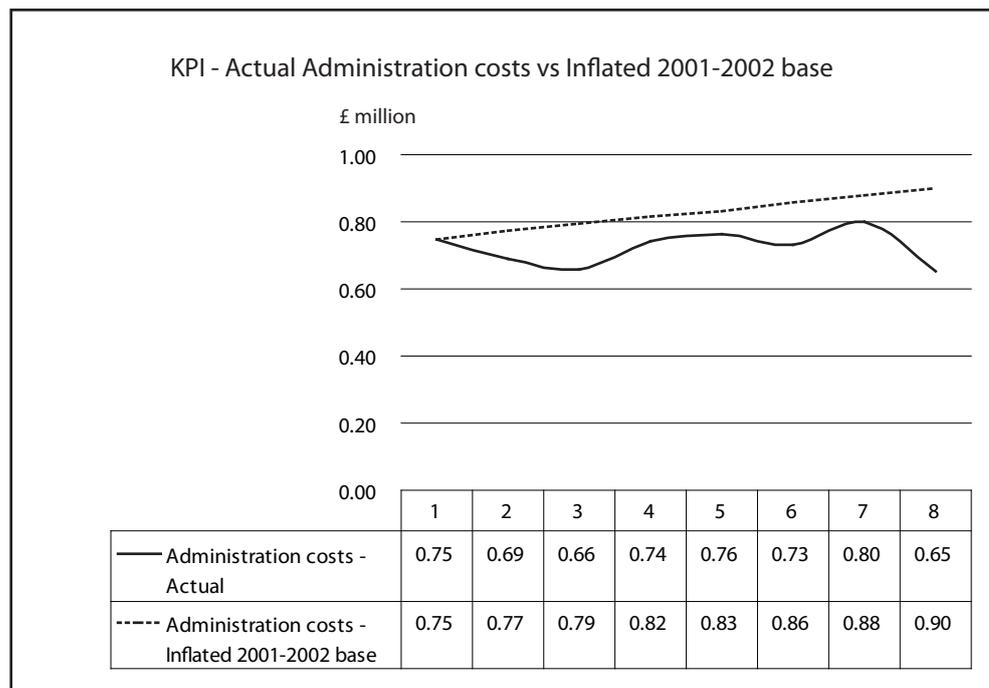
The Sports Council faces a number of uncertainties regarding future funding from DCAL and this may have an effect on the NLDF policy. The Sports Council intends to carry out a significant review of budgets in 2009-2010 which will cover the financial years 2009-2014 to ensure adequate funds are available and there are no significant over commitments in the Lottery Distribution fund.

Financial results

The Sports Council's Lottery Distribution results are set out in the Income and Expenditure Account. Total proceeds and investment income received from the National Lottery totalled £5,684,300 (2007-2008: £5,642,987). During the year the Sports Council made soft commitments of £11,980,239 (2007-2008: £4,438,557). A total of £8,287,735 (2007-2008: £7,144,237) was paid to grant applicants, the remaining balance being held as commitments for future grant payments. The total administrative costs of the Sports Council's Lottery distribution activities, including staff costs but excluding depreciation was £650,708 (2007-2008: £798,756). This represents approximately 11.4 per cent (2007-2008: 14.2 per cent) of the total proceeds received in the year.

The following table and chart outline the Key Performance Indicator for administration costs for the Sports Council Lottery Distribution Account

	Year 1 2001-2002 £m	Year 2 2002-2003 £m	Year 3 2003-2004 £m	Year 4 2004-2005 £m	Year 5 2005-2006 £m	Year 6 2006-2007 £m	Year 7 2007-2008 £m	Year 8 2008-2009 £m
Administration costs – Actual	0.75	0.69	0.66	0.74	0.76	0.73	0.80	0.65
Administration costs – Inflated 2001/2 base	0.75	0.77	0.79	0.82	0.83	0.86	0.88	0.90
GDP Deflator	83.2	85.9	88.3	90.8	92.5	95.2	97.9	100.0



Review of National Lottery Distribution Activities

During the 2008-2009 year Sports Council distributed awards under a number of Lottery Fund grant programmes.

a Capital Programmes

Sports Council continues to review the NLDF policy paper to ensure capital projects are allocated to Lottery or Exchequer funding streams, in order to maximise the effectiveness of available budgets. During the year the following were the main capital investments from the Lottery Fund

1 Building Sport

A Sports Council capital programme which aims to provide partnership funding for major capital projects that will increase access to opportunities for sporting development and participation for as many people as possible

To date 18 projects have received awards under this programme totaling £12,041,069. Of this figure six new commitments totaling £6,422,420 and award amendments of £1,939,448 were made during the financial year 2008-2009.

2 Places for Sport

The Places for Sport capital programme is designed to assist with the delivery of the new Strategy for Sport and Physical Recreation 2009-2019, soon to be launched by the Department for Culture, Arts and Leisure to provide a vision of "a culture of lifelong enjoyment and success in sport".

At the end of the financial year, Sports Council agreed to transfer 8 projects from Exchequer into Lottery. The total value of these projects amounted to £1,772,375. Exchequer recharged Lottery for £1,427,493 of grant payments under these projects.

3 Sports Institute for Northern Ireland – Capital

The development of the High Performance Centre at University of Ulster began on site in May 2006, following the appointment of McCombe Bros. (Antrim) Ltd. The building was officially opened in November 2008 by Sir Sebastian Coe. A retention of £556,000 (10 per cent of the Lottery award) has been held as a retention in 2009-2010 until the final account is processed.

b Revenue programmes

1 Athlete Support Programme

A Sports Council Lottery Fund revenue programme to assist Northern Ireland's leading sports people to compete successfully at international level

The Athlete Support programme funding provides support towards the costs of additional competitive opportunities, specialist coaching, sports science, medical support and equipment as specified in the performance plan. The total value of awards made in 2008-2009 under this programme amounted to £338,744. This involved making 61 awards totalling £318,580 and award adjustments of £20,164.

In addition, 20 awards totalling £101,471 and award adjustments of £7,625, were made in respect of 'living costs', which enable individual athletes to prepare adequately for targeted competition.

2 Awards for All

Sports Council has operated its current small grants programmes (Awards for All) since 2001. 'Awards for All' (hereafter 'A4A') operates throughout the UK and is designed to be a simple, accessible, quick funding route for many organisations, especially throughout the community/voluntary sector who benefit from relatively modest, short term cash investments. Within Northern Ireland, A4A has operated across the four principal Lottery distributors – Arts Council for NI, Sports Council, the Heritage Lottery Fund and Big Lottery Fund. The Big Lottery Fund has administered the scheme by co-operative agreement, on behalf of the other Lottery Distributors.

During 2008-2009, Sports Council made commitments totaling £488,080 to 71 projects. All awards were less than £10,000.

3 Practitioner Development Programme

The Practitioner Development Programme is a Sports Council bursary programme that aims to address the current lack of practitioners supporting talented athletes and improve the environment for those working at a high performance level in sport.

The programme seeks to develop a workforce of high performance coaches, scientists and medical practitioners with the necessary experience, skill and knowledge to improve athlete performance. During the year 13 awards were made totaling £86,400.

4 Sport in our Community

The Sport In Our Community Programme supports a range of statutory, community and voluntary sector organisations in

- the development and improvement of physical literacy;
- the development of opportunities for people with disabilities; and
- the creation of sport/physical activities in areas of high social need for those who have not previously had a sustained interest in sport or physical activity.

Sports Council's investment aims to deliver innovative and creative projects which will increase the number of regular, frequent and sustained participants in sport through the deployment of a professional, competent sporting workforce.

To date £3,900,102 of awards have been made under this programme.

c Transfer to 2012 Olympics

In February 2008 a statutory instrument (SI 2008 No. 255 The Payments into the Olympic Lottery Distribution Fund etc. Order 2008) was passed which allowed for the transfer of up to £1,085m from the National Lottery Distribution Fund to the Olympic Lottery Distribution Fund in order to meet some of the costs of hosting the 2012 games. This comprises £410m as originally envisaged when the Government decided to support London's Olympic bid in 2003, and a proposed further £675m arising from the subsequent budget review. Sports Council was committed to contribute up to £1.847m in the original bid and this order allows for the transfer of up to a further £2.345m. The final total contribution required for London 2012 by Sports Council will be £4.192m. The first transfer of funds took place on 2 February 2009 and Sports Council contributed £0.282m.

Future Developments in National Lottery Distribution Activities

There are no significant developments expected.

Significant changes in fixed assets

The movement on fixed assets is set out in note 7 to the financial statements. There were no significant changes during the year. The net book value of tangible fixed assets increased from £6,111 to £28,549 following additions of £27,395 and a depreciation charge of £4,957 for the year. Intangible fixed assets increased from £4,438 to £16,060 following additions of £14,619 and a depreciation charge of £2,766. A number of assets were also disposed of during the year, due to being obsolete.

Retained funds at the year end

At the end of the year the Lottery Distribution Account showed a decrease in funds of £6,578,705. This movement along with reserves held at the end of 2007/08 of £12,004,127 resulted in the retained funds totalling £5,425,422 at 31 March 2009. This amount will be carried forward to the 2009/10 financial year and will be available for distribution.

NLDF balance policy

In August 2003 the DCMS issued a Guidance Note (1/03) which proposed that all Lottery Distributors should develop an NLDF policy, and should publish an annual statement in their audited accounts, setting out the basis of the policy and the actions required to manage the NLDF balance. The Sports Council's NLDF policy is included within the accounts at note 9.

Audit

So far as I, the Accounting Officer of Sports Council am aware, there is no relevant audit information of which the Sports Council's auditors are unaware; and I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the Sports Council's auditors are aware of that information.

Remuneration Report

Remuneration policy

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

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

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

The pay award for staff is comprised of two elements; a base pay uplift and a non-consolidated bonus. Both elements are based on performance. The non-consolidated bonuses are payable to a proportion of staff as part of the annual pay award.

Within the Sports Council, the Chief Executive is employed on terms analogous to Senior Civil Service Grade 5, while all other executive directors are employed analogous to Grade 7.

The Sports Council Staffing Committee is responsible for approving the Chief Executive's salary and assessing his performance. Its membership is made up of the following Council Members

Staffing Committee Appointed on 1 January 2008

Cllr J Rodgers (Chairman)

Mr D O'Connor

Ms U Duncan

Mr J D'Arcy

All other senior staff positions above Deputy Principal follow the NICS pay and grading spine policy. The Chief Executive assesses all Directors' performance.

Service contracts

Sports Council staff appointments are made in accordance with the Sport Council Recruitment and Selection Policy and Procedures, which requires appointment to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.

Unless otherwise stated below, the officials covered by this report hold appointments, which are open-ended until they reach the normal retiring age of 65. Policy relating to notice periods and termination payments is contained in the Sports Council Staff Handbook and individual Contracts of Employment.

Eamonn McCartan, Chief Executive was appointed in June 1994. This position is permanent within the definition above as are the executive director positions.

The notice period or compensation for early termination of a contract is three months for the Chief Executive and Directors.

Audited Remuneration and Pension Entitlements – Senior Staff

The following section provides detail of the remuneration and pension interests of the Chief Executive and Directors of Sports Council.

Employee	2008-2009		2007-2008	
	Salary £'000	Benefits in kind £	Salary £'000	Benefits in kind £
Eamonn McCartan Chief Executive	100-105 (includes salary arrears from prior years)	154	95-100 (includes salary arrears from prior years)	154
Shaun Ogle Director of Performance	60-65	154	55-60	154
Nick Harkness Director of Participation	60-65	154	55-60	154
Andrew Sloan Director of Corporate Services	60-65	456	55-60	446

Sports Council Members Emoluments

The Chairman received honorarium totalling £10,584 (2007-2008: £2,709 for Chairman and Ex Chairman £7,959). The Chairman's honorarium is not normally recharged to the Lottery Distribution Account. As there was no Vice-Chairman in position during the year, £3,528 of the Chairman's salary was thus recharged to the Lottery Distribution Account. No emoluments were paid to other Sports Council members in respect of Lottery activities. The Sports Council does not pay any pension contributions on behalf of the Chairman or Vice-Chairman.

Salary

'Salary' includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation. This report is based on payments made by the Sports Council before any deduction of recharges to the Lottery Fund.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the Inland Revenue as a taxable emolument. Each individual received a benefit in kind of £154, which relates to luncheon vouchers. The Director of Corporate Services also received a benefit in kind for £302 relating to professional fees.

Sports Council Pensions

The Sports Council participates in the Northern Ireland Local Government Officers' Superannuation Committee Scheme (NILGOSC) and made contributions for 103 employees. During the year, 20 were employed for part of the year, and one employee went on a career break.

The NILGOSC scheme is a 'multi-employer', defined benefit scheme, which provides members of participating employers with the benefits related to pay and services at rates which are defined under statutory regulations. To finance these benefits, assets are accumulated in the scheme and held separately from assets of the employers. The scheme is funded by employers participating in the NILGOSC scheme who pay contributions at rates determined by an independent professionally qualified actuary on the basis of regular valuations using the projected unit method. During the year ended 31 March 2009 the Sports Council contributed 15 per cent of pensionable salary. The scheme is contributory with members of staff paying 5-6 per cent of pensionable salary.

Contributions for the year are disclosed in note 4 to the accounts.

Employee	Accrued pension at age 65 as at 31 March 2009 and related lump sum	Real increase in pension and related lump sum at age 65	CETV at 31 March 2009	CETV at 31 March 2008*	Real increase in CETV
	£	£	£	£	£
Eamonn McCartan Chief Executive	30-35 plus 100-105 lump sum	0-2.5 plus 5-7.5 lump sum	769	672	68
Shaun Ogle Director of Performance	15-20 plus 50-55 lump sum	0-2.5 plus 0-2.5 lump sum	312	280	18
Nick Harkness Director of Participation	15-20 plus 55-60 lump sum	0-2.5 plus 0-2.5 lump sum	301	273	16
Andrew Sloan Director of Corporate Services	5-10 plus 20-25 lump sum	0-2.5 plus 0-2.5 lump sum	125	107	13

* The factors used in calculating CETVs have been updated by the Government Actuary from 1 October 2008. The CETV amounts at 31 March 2008 have therefore been recalculated, upon instruction from the Department of Finance and Personnel, to give more meaningful comparisons with this year's figures. The inflation rate used in the 2008-2009 calculation is 5 per cent.

The above figures do not include salary accruals.

Cash equivalent transfer values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-2004 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NILGOSC pension arrangements and for which the CS Vote has received a transfer payment commensurate with the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

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

Eamonn McCartan
Chief Executive and Accounting Officer
Sports Council for Northern Ireland

21 January 2010

Statement of the Council's and Accounting Officer's responsibilities

The Sports Council is required to prepare a statement of accounts for each financial year in accordance with section 35(2) & (3) of the National Lottery etc. Act 1993 and accounts direction given by DCAL, with the approval of the Secretary of State for Culture, Media and Sport.

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

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

- observe the accounts direction issued by DCAL on behalf of the Secretary of State for Culture, Media and Sport, including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis;
- make judgments 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 Accounting Officer for DCAL has designated the Chief Executive of the Sports Council as the Accounting Officer for the Sports Council. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the finances for which he is answerable and for the keeping of proper records, are set out in the Non-Departmental Public Bodies Accounting Officer Memorandum issued by the Northern Ireland Department of Finance and Personnel, the guidance contained within 'Managing Public Money Northern Ireland' also issued by the Department of Finance and Personnel (DFP), and in the Financial Directions issued by the DCAL on behalf of the Secretary of State for Culture, Media and Sport under s26(3) of the National Lottery etc. Act 1993.

Statement on Internal Control

Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Sports Council'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; and ensuring compliance with the requirement of Sports Council's Management Statement, Financial Memorandum and Statement of Financial Requirements.

The Sports Council's Management Statement sets out the relationship between DCAL and the Sports Council, and defines the financial and administrative framework within which the Sports Council operates. It also sets out the conditions on which grant in aid is paid to the Sports Council and the delegations within which the Sports Council operates.

The Sports Council's Financial Memorandum, which should be read in conjunction with the Management Statement, sets out the framework for the management and control of the finances of the Sports Council. It sets out the terms and conditions under which DCAL allocates grant-in-aid to the Sports Council out of monies provided by NI Assembly or UK Parliament. These terms and conditions are in addition to, and not in substitution for, any guidelines or directions issued by DCAL on the exercise of any individual functions, powers and duties of the Sports Council.

The Management Statement and Financial Memorandum have been approved by the Minister for Culture, Arts and Leisure, DFP and the Public Service Improvement Unit of the Office of the First Minister and Deputy First Minister.

The Sports Council also adheres to best practice as per the Lottery Financial Directions. These directions are currently incorporated within the Sports Council's Management Statement and Financial Memorandum.

I act in accordance with both the Sports Council's Management Statement and Financial Memorandum, and the DFP Memorandum, "The Responsibilities of an NDPB Accounting Officer", which sets out my accounting responsibilities. My responsibilities include ensuring that the Sports Council produces a three-year corporate plan and an annual business plan within the timescales set by DCAL. The plans are reviewed regularly by senior management and by the Sports Council to determine progress. Quarterly accountability meetings are held with officials from DCAL, to also monitor progress.

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 the Sports Council'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 Sports Council for the year ended 31 March 2009 and up to the date of approval of the annual report and accounts, and accords with the HM Treasury Guidance.

Capacity to handle risk

The senior management team takes responsibility for applying and overseeing the application of the risk management process primarily to ensure that it is operating as intended, to challenge the content of the risk registers and enable myself to report on the process to the Sports Council. In addition to reviewing the risk framework, all recommendations received from both the internal and external auditors are reviewed, with controls being enhanced or introduced as necessary.

All staff are expected to work within the Sports Council's policies on risk management; alert management to emerging risks or control weaknesses; and participate fully in the risk management process; and assume responsibility for risks and controls within their own areas of work.

Sports Council personnel receive significant training. All staff received Fraud Awareness and Grant Funding training delivered by the Chartered Institute of Public Finance and Accountancy (CIPFA). In addition, all new members of staff were taken through an extensive induction programme which includes employment, finance and accountability arrangements. New staff obtained training on Section 75 by an external consultant, whilst existing staff were given refresher training on the same subject. Credit checks have been introduced for any new staff appointed to a finance related position.

A number of staff obtained training on First Aid at Work, and those whose role involves lifting heavy items attended a Manual Handling course. The Human Resources Officer became certified in the National Examination Board in Occupational Safety and Health in order to assist in liaising with Contractors during any refurbishment work at the House of Sport.

The Human Resources team underwent further training on the revised payroll package, which was primarily aimed at reducing the number of errors on the system.

Staff and a number of grant recipients were trained on Recruitment & Selection best practices in order to minimise any risk of cases being taken against the said parties. Other training delivered included: Performance Appraisal training; Employment Law; Handling Disciplinary and Grievances; and Status of Employees.

Sport Northern Ireland is currently funding a number of people to undertake courses aimed at increasing their knowledge, whilst reducing risk for the organisation

- three members of staff were being funded to undertake Accountancy Qualifications;
- two members of staff are being funded to undertake PhDs in the areas of Policy & Research and Marketing practices;
- the Human Resource Manager is being funded to complete an LLM in Employment Law, whilst the Human Resource Officer became a Member of the Chartered Institute of Personnel & Development;
- one officer is being funded to undertake an MSc in Organisation Management; whilst another is being funded to undertake an LLM in Business Law; and
- the Policy Planning and Research Officer is being funded to undertake an MSc in Social Research Skills.

The Human Resource System continued to be updated with historical information in order to ensure accuracy of reporting and other statistical information.

All new policies introduced during the year have been fully consulted on and screened for Section 75 compliance. Sport Northern Ireland achieved "One to Watch" status in the Sunday Times Best Companies accreditation.

A number of Board and Committee Members attended the 'On Board Training' by CIPFA covering their governance and accountability responsibilities.

The risk and control framework

Risk Management Policy and Register

The Sports Council has an established risk management policy (the Policy), which covers all the Sports Council's activities. The Policy explains the underlying approach to risk management, documents the roles and responsibilities of Sports Council, the Accounting Officer, Heads of Unit, Operations Group, staff and the Audit Committee. It also outlines key aspects of the risk management process and identifies the main reporting procedures. In particular, the Policy outlines the inextricable link between risk management and the corporate and business planning process.

The Policy is subject to regular revision as the risk management process becomes embedded throughout the Sports Council and will be updated to reflect the changing environment of the Sports Council as required. Risk reviews are a fixed agenda item on all management and team meetings.

The Sports Council has a risk register in place which identifies the key risks facing the Sports Council. These have been categorised under 9 headings below. The risk register details management's assessment of the key risks and associated controls, and actions required to mitigate these risks. Each risk has been assessed for its severity and for the effectiveness of the controls currently operating.

The risk register is also presented for approval to the Audit Committee and Council each year.

Investment policy

The Sports Council operated its Investment Policy throughout the year, which is designed to ensure the Sports Council

- complies with the Department of Finance and Personnel's requirements for the Sports Council, as a Non-Departmental Public Body, to adhere to the Northern Ireland Preface to The Green Book (Guidance for Northern Ireland Departments on the Appraisal, Evaluation, Approval and Management of Policies, Programmes and Projects) and satisfy public accountability requirements;
- applies the principle of proportionate effort, thus ensuring that undue burden is not placed on applicants or indeed Sports Council staff; and
- improves the efficient and effective operation of the Sports Council activities, ensuring best practice and consistency across the organisation. The business case methodology is used to define problems and find solutions to offer the best value for money for the Sports Council. The risk management process provides the Sports Council with an increased understanding of risks, thus improving decision-making to adapt to changes and avoid failures. The monitoring and evaluation process provides lessons to improve the decision-making process and justifies the case for increased expenditure in sport.

The three specific policies implemented throughout the Sports Council were as follows

- the Sports Council Business Case Policy – designed to outline policy recommendations for the formal use of Business Case methodology in all Sports Council investments.
- the Sports Council Risk Management Policy – designed to outline policy recommendations for the formal framework for risk assessment and management in all Sports Council investment decisions, particularly at a programme and project level.
- the Sports Council Monitoring Policy – designed to outline policy recommendations for the formalisation of a monitoring and evaluation framework at a corporate, programme and project level.

The Sports Council is currently undergoing a review of the Risk Management Policy and Monitoring Policy. These documents are expected to be presented to Council during 2009-2010 for review and approval.

Conflict of interests

The Sports Council operates a Conflict of Interest policy. Throughout the year the Sports Council has abided by the procedures for handling potential conflicts of interest between its members and its officers and organisations submitting projects. These procedures include maintenance of a register of interests. Sports Council members or officers declaring any direct interest in grant applications exclude themselves from the assessment and decision-making process.

Fraud

The Sports Council has an approved Anti Fraud and Corruption policy. The document explains the steps that must be taken where fraud is suspected or discovered and provides guidance specifically regarding attempts at multiple application fraud with the preventative measures detailed. The Sports Council also operates a computerised database of all awards funded and applications received. Users can identify the number of applications/value of awards made to an organisation. Alerts may be placed on the system to ensure users are aware of any issues/problems particular to an organisation, before progressing further with funding.

Value for Money

The Sports Council ensures it applies value for money principles in all of its practices. This is carried out at the top level via the investment policy that intentionally covers value for money within the production of business cases for funding. The Sports Council also includes value for money during tendering exercises for the procurement of goods/services and in the sharing of administration functions with other bodies.

The Department of Culture Arts and Leisure has a service level agreement in place with Central Procurement Division, regarding the use of their services during procurement/construction exercises. The Sports Council falls within the remit of this service level agreement and has implemented it.

Inefficiency

The Sports Council avoids inefficiency through applying its investment policies and adhering to government procurement guidelines. In addition, the budgeting process and production of management accounts ensures that funds are allocated to projects which have been identified as priority areas.

The Sports Council continually reviews its organisation structure with the aim to ensure efficiencies are made and the harmonization of procedures across the organisation.

Loss of grant

The Sports Council has terms and conditions in place for all grant awards. These terms and conditions outline what the grant recipient must adhere to and they also incorporate a clause which enables clawback of grant paid if terms and conditions of award are not met. In addition, the Sports Council has procedures manuals in place which outline the detailed processes which a grant award must go through before monies are released. Procedures are annually reviewed by internal audit to ensure the Sports Council is adhering to them and any recommendations to further enhance controls/procedures are incorporated.

Additionally principle

This term refers to the policy that Lottery funding should be additional to, and clearly distinct, from public expenditure and provision. The Sports Council ensures the additionally principle is implemented via its NLDF Policy (see note 9), budget setting process and through a challenge fund process for all grant programmes which reviews such areas as financial viability, partnership funding etc.

Assurance on information risks

Sports Council is fully committed to protecting the privacy of all individuals including staff, contractors, service users and others, by ensuring lawful use of their personal information. A Data Protection Policy was approved by Council in June 2009. The purpose of this policy is to set out how Sports Council will ensure that it complies with the provisions of the Data Protection Act 1998. The policy will be implemented and mainstreamed throughout the organisation at all levels over the coming months.

Review of effectiveness

As Accounting Officer, I also have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the senior managers within the Sports Council who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their Report to those charged with Governance 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 Sports Council, the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Sports Council and DCAL reviews the Sports Council Management Statement with the aim to ensure it complies with DFP guidance, best practice and to ensure it remains robust.

The Sports Council continues to review its programmes and procedures in order to ensure that it meets appropriate standards, best practice and continues to work towards efficiencies. This will continue in 2009-2010 via reviewing policies and procedures, training programmes and reassessing contractual agreements.

The Sports Council obtains assurances on its system of internal control through its Audit Committee. The Audit Committee met on 6 occasions during the year and received progress reports from both the Sports Council's external auditor on the financial statements and its internal auditor regarding work completed to date. The Audit Committee reported back to the Sports Council following each of its meetings.

The Sports Council internal auditor produced the annual audit assurance statement which provided a satisfactory level of assurance for the year 2008-2009.

A quality review of the Internal Audit function was initiated by DCAL and carried out by Business Consultancy Services in early 2008. The purpose of the review was to provide an opinion on the level of compliance by the Sports Council Internal Audit Function with the Government Internal Audit Standards. The review raised a number of concerns as to the compliance of the audit function with the Standards awarding a 'partial' assurance rating. Subsequent to this review, significant work was undertaken to address the areas of non compliance. These have now been fully addressed and the Permanent Secretary informed on the actions taken by Sports Council.

The Sports Council has a risk register in place that is reviewed regularly by the senior management team. It is also reviewed by the Audit Committee who will update Council at the same time. The last review by the Audit Committee took place in January 2010.

Throughout the year I obtained assurance from senior managers, based on information and reports produced by them. I am satisfied that systems of internal control were adequate in 2008-2009.

The Sports Council has a procedure in place to ensure that all losses are appropriately handled and reported to DCAL. During the year 2008-2009 a number of losses occurred amounting to £4,410.

The Big Lottery Fund, on behalf of Sports Council, has carried out a number of investigations under the Awards for All programme. Of the ten investigations, six have been resolved, ineligible expenditure of £1,596 has been identified for two applicants and repayment plans are in place, one applicant is still subject to ongoing review and one has been referred to the PSNI for suspected fraud equating to £2,587.

The Sports Council continues to review systems and controls to ensure that losses are kept to a minimum. All employees of Sports Council have been reminded of the importance of ensuring equipment is kept safe and secure at all times.

Eamonn McCartan
Chief Executive and Accounting Officer
Sports Council for Northern Ireland

21 January 2010

The 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 Sports Council for Northern Ireland Lottery Distribution Account for the year ended 31 March 2009 under the National Lottery etc Act 1993 (as amended by the National Lottery Act 1998). These comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and Statement of Recognised Gains and Losses 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 the Council, Accounting Officer and Auditor

The Council and Chief Executive as Accounting Officer are responsible for preparing the Annual Report, the Remuneration Report and the financial statements in accordance with the National Lottery etc Act 1993 (as amended by the National Lottery Act 1998) and Department of Culture, Arts and Leisure directions made thereunder on behalf of the Secretary of State for Culture, Media and Sport, and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of the Council's and Accounting Officer's responsibilities.

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

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the National Lottery etc Act 1993 (as amended by the National Lottery Act 1998) and Department of Culture, Arts and Leisure directions made thereunder on behalf of the Secretary of State for Culture, Media and Sport. I report to you whether, in my opinion, certain information given in the Annual Report, which comprises the Director's Report and Management Commentary, is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the Sports Council for Northern Ireland has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the Sports Council for Northern Ireland's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the Sports Council for Northern Ireland's corporate governance procedures or its risk and control procedures.

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

Basis of audit opinions

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

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

Opinions

In my opinion

- the financial statements give a true and fair view, in accordance with the National Lottery etc Act 1993 (as amended by the National Lottery Act 1998) and directions made thereunder by the Department of Culture Arts and Leisure on behalf of the Secretary of State for Culture, Media and Sport, of the state of the Sports Council for Northern Ireland Lottery Distribution Account's affairs as at 31 March 2009 and of its decrease in funds for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the National Lottery etc Act 1993 (as amended by the National Lottery Act 1998) and directions made thereunder by the Department of Culture, Arts and Leisure on behalf of the Secretary of State for Culture, Media and Sport; and
- information given in the Annual Report, which comprises the Director's Report and Management Commentary, is consistent with the financial statements.

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.

Report

I have no observations to make on these financial statements.

A C E Morse
Comptroller and Auditor General
15 February 2010

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

Income and Expenditure Account for the year ended 31 March 2009

	Notes	2008-2009 £	2007-2008 £
Proceeds from NLDF	2	5,413,085	5,210,239
Investment income from NLDF	2	271,215	432,748
Other income	3	23,038	43,188
Total income		<u>5,707,338</u>	<u>5,686,175</u>
New Lottery grants made	14a	11,649,059	4,476,022
Hard de-commitments	14a	(309,893)	(543,697)
Transfer to 2012 Olympics	8	282,023	0
Adjustment to grant	11a	1,483	17,982
Staff costs – recharge			
Staff cost – direct costs	4	227,646	464,826
		0	2,359
Depreciation	7	7,723	7,488
Other operating costs – direct costs	5	120,316	103,296
Other operating costs – recharge	5	302,746	228,275
Total expenditure		<u>12,281,103</u>	<u>4,756,551</u>
(Decrease)/increase in Funds before taxation		(6,573,765)	929,624
Taxation		(4,940)	(8,307)
(Decrease)/increase in Funds		<u>(6,578,705)</u>	<u>921,317</u>

The income and expenditure relate to continuing activities.

Statement of Recognised Gains and Losses for the year ended 31 March 2009

	2008-2009 £	2007-2008 £
(Decrease)/increase in funds for the year	(6,578,705)	921,317
Total recognised (loss)/gain for the year	<u>(6,578,705)</u>	<u>921,317</u>

The notes on pages 27 to 38 form part of these financial statements.

Balance Sheet as at 31 March 2009

	Notes	2008-2009 £	2007-2008 £
Fixed assets			
Tangible assets	7a	28,549	6,111
Intangible assets	7b	16,060	4,438
		44,609	10,549
Current assets			
Investments – NLDF Balance	8	19,172,970	20,868,738
Cash at Bank	10	61,169	312,995
Debtors and prepayments	11a	29,962	131,893
		19,264,101	21,313,626
Creditors: due within one year			
Grant hard commitments	12a	(11,189,685)	(5,117,572)
Other creditors	12a	(1,846,263)	(334,454)
		(13,035,948)	(5,452,026)
Net current assets			
		6,228,153	15,861,600
Total assets less current liabilities			
		6,272,762	15,872,149
Creditors: due greater than one year			
Grant hard commitments	13a	(847,340)	(3,868,022)
Total assets less total liabilities			
		5,425,422	12,004,127
Represented by			
Reserves			
Income and Expenditure	15	5,425,422	12,004,127
		5,425,422	12,004,127

Dominic Walsh
Chairman
Sports Council for Northern Ireland
21 January 2010

Eamonn McCartan
Chief Executive and Accounting Officer
Sports Council for Northern Ireland
21 January 2010

The notes on pages 27 to 38 form part of these financial statements.

Cash Flow Statement for the year ended 31 March 2009

	2008-2009 £	2007-2008 £
Operating activities		
Funds received from the NLDF	7,098,045	8,006,379
Other cash receipts	0	14,972
Grants paid *	(6,763,553)	(7,291,992)
Claw back *	0	47,380
Cash paid to SCNI – recharge for staff time/overheads	(493,503)	(661,465)
Cash paid to employees	(9,472)	(13,782)
Other cash payments	(85,866)	(103,590)
Net cash outflow from operating activities	(254,349)	(2,098)
Return on investments and servicing of finance		
Bank interest	24,307	36,954
Taxation paid		
Corporation Tax	(8,461)	(8,339)
Capital expenditure		
Purchase of assets	(13,323)	(4,691)
(Decrease)/increase in cash	(251,826)	21,826

Notes to the Cash Flow Statement

1 Reconciliation of movement in funds to net cash outflow from operating activities

	2008-2009 £	2007-2008 £
(Decrease)/increase in funds	(6,573,765)	929,624
Depreciation charges	7,723	7,488
Loss on disposal	231	196
Interest receivable	(22,096)	(33,808)
Decrease in NLDF investment	1,695,768	2,363,392
Decrease/(increase) in debtors and prepayments	99,720	(105,554)
Increase/(decrease) in creditors less than one year	7,558,752	(1,815,775)
(Decrease) in creditors greater than one year	(3,020,682)	(1,347,661)
Net cash outflow from operating activities	(254,349)	(2,098)

2 Reconciliation of net cash flow to movement in net funds

	2008-2009 £	2007-2008 £
Net Funds at 1 April	312,995	291,169
(Decrease)/increase in cash	(251,826)	21,826
Net Funds at 31 March	61,169	312,995

3 Reconciliation of fixed assets

	2008-2009	2007-2008
	£	£
Opening Accrual at 1 April	(13,323)	4,691
Cash Purchase	13,323	(4,691)
Closing Accruals at 31 March	42,014	13,323
Recharge for Fixed Asset Additions	42,014	13,323

* Note 14a details grants payments of £8,287,735 (2007-2008: £7,114,237). There is a difference of £1,524,182 (2007-2008: £130,375) between this note and the figure disclosed under operating activities in the cash flow. Of this figure £1,427,493 related to an Exchequer recharge to Lottery for grant payments under the Places for Sport programme; and £96,689 related to grant hard commitments and reflecting the payments made by Awards for All to grant recipients on behalf of Sports Council. A debtor is shown in note 11 for Sports Council cash held by Awards for All.

The notes on pages 27 to 38 form part of these financial statements.

Notes to the Accounts

1 Accounting Policies

a Basis of accounting

These financial statements have been prepared under the historical cost convention and in a form directed by the Secretary of State with the consent of DFP in accordance with Section 35(3) of the National Lottery etc Act 1993 and as directed in the Accounts Direction issued by the Department of Culture, Arts and Leisure a copy of which is available within the Sport Council's Management Statement Appendix F. While the Accounts Direction requires inclusion of assets at their value to the business by reference to current cost, for 2008-2009 the Sports Council has determined that these are not materially different to the historic cost shown in the balance sheet and thus a revaluation has not been undertaken.

Without limiting the information given, the financial statements meet the accounting and disclosure requirements of the Companies (Northern Ireland) Order 1986 and Accounting Standards issued, or adopted, by the Accounting Standards Board and disclosure requirements issued by DFP in so far as those requirements are appropriate. Significant departures from accounting standards are disclosed and explained in the notes and the financial effects quantified where practicable.

b Tangible fixed assets

The Sports Council for Northern Ireland applies a capitalisation limit of £1,000 to individual items and pooling of items costing more than £500 and which in aggregate total more than £5,000, and after taking into account the costs incurred in bringing the assets into use but not expenditure properly chargeable to the income and expenditure account. Fixed assets are recharged to the Lottery Distribution Accounts at the end of each financial year, on the basis of assets acquired/utilised specifically for lottery activities (see 1g).

Depreciation has been provided using the straight line method so as to write off each asset over its estimated useful life. Depreciation is charged from the month acquired/coming into use, to the month in which it is disposed.

Assets are depreciated over their useful lives as follows	2008-2009
Information Technology (Hardware)	3 years
Office Furniture and Equipment	5 years

An impairment review is carried out annually and any loss in value is charged to the Income and Expenditure Account.

c Intangible assets

Intangible assets relate to the purchase of software and licences. These are included at cost and written off over a three year period, which is their useful economic life.

d Pension costs

The pension cost is recharged from the Sports Council Northern Ireland Exchequer Accounts, and is charged to the Income and Expenditure Account.

e NLDF Account

Balances held in the NLDF remain under the stewardship of the Secretary of State for Culture, Media and Sport. However, the share of these balances attributable to the Sports Council is as shown in the accounts and, at the balance sheet date, has been certified by the Secretary of State for Culture, Media and Sport as being available for distribution by it in respect of current and future commitments.

f Income

All income received, whether Lottery proceeds or other income, is credited to income in the year to which it is receivable.

Grant clawbacks are shown under the expenditure section of the income and expenditure account; and are lodged to the Sports Council Lottery Fund bank account.

g Allocation of costs

The apportionment of staffing and indirect costs transferred from the Sports Council for Northern Ireland to Sports Council Lottery Distribution Account is based on a Service Level Agreement. This is reviewed annually to ensure recharges are appropriate and reflect the time which staff spend on lottery activities and the proportion of indirect costs which relate to lottery activities.

h Grant commitments

The following are the two types of grant commitments

- 1 A soft commitment occurs when there is agreement in principle by Sports Council to fund a scheme and a formal offer made to the applicant body.
- 2 A hard commitment is analogous to a commitment arising from a legally binding contract.

A soft commitment changes to a hard commitment as soon as the applicant returns a signed copy of the contract offer having complied with any special conditions incorporated in the contract.

i Operating lease

Operating lease rentals are charged to the Income & Expenditure account in equal annual amounts over the lease term.

The rent of land and buildings is an ongoing agreement with Sports Council for Northern Ireland Exchequer Account who hold the operating lease in respect of the land and buildings in which the Lottery Fund resides.

j Financial instruments

Sports Council has adopted FRS25, 26 and 29. There has been no impact on the net assets of the organisation as a result of this. Note 19 provides appropriate disclosures regarding Financial Instruments on the Lottery Fund Accounts.

Investments

Investments are held by DCMS on behalf of Sports Council. DCMS advise on the valuation of the NLDF investment.

Debtors and cash at Bank

Debtors and Cash at Bank are classified as 'loans and receivables', in accordance with FRS 26, and are initially measured at fair value and subsequently measured at amortised cost using the effective interest method less any impairment, where appropriate.

Creditors and grant commitments

Creditors and grant commitments are classified as 'loans and receivables', in accordance with FRS 26, and are initially measured at fair value, net of transaction costs, and subsequently measured at amortised cost using the effective interest method, where appropriate.

2 Proceeds from Lottery

	2008-2009	2007-2008
	£	£
Proceeds from National Lottery	5,413,085	5,210,239
Investment Income	247,955	386,839
Unrealised Gain on Investment	23,260	45,909
Total	5,684,300	5,642,987

3 Other income

	2008-2009	2007-2008
	£	£
Bank interest	22,096	33,808
Other Income	942	9,380
Total	23,038	43,188

4 Staff costs

	2008-2009	2007-2008
	£	£
Salaries and wages	188,750	386,860
Social Security costs	12,259	29,524
Other pension costs	26,637	48,442
Total recharges	227,646	464,826
Temporary staff costs	0	2,359
Total staff costs	227,646	467,185

The average number of full-time equivalent persons employed by the Sports Council and deployed on Lottery duties during the period from April 2008 to March 2009 was 7 (2007-2008: 15).

All staff costs and full time equivalent persons are classified as other staff. There are no ministerial/special adviser costs or permanently employed staff of the Lottery Account.

Under terms and conditions of service, staff are entitled to an issue of luncheon vouchers to the approximate value of 70p per day. The entitlement for full time staff is 55 vouchers per quarter issued quarterly in advance. Part time staff are entitled to luncheon vouchers on a pro rata basis to the full time equivalent.

Chief Executive's Remuneration

The Chief Executive's total remuneration including employer's costs in 2008-2009 was £135,176 (2007-2008: £117,152). Salary for the Chief Executive includes back pay from previous years. He is an ordinary member of the Northern Ireland Local Government Officers' Superannuation Committee scheme. The Chief Executive was appointed in June 1994 for a contract period of five years. The contract was renewed in 1998 and is termed a permanent post.

As part of the Service Level Agreement with Sports Council Exchequer the Chief Executive's time is now incorporated within the desk charge.

Sports Council Members Emoluments

The Chairman received honorarium totalling £10,584 (2007-2008: £2,709). The Ex Chairman and Ex Vice-Chairman of the Sports Council received honorariums totalling £7,959 and £2,625 respectively in 2007-2008. The Chairman's honorarium is not normally recharged to the Lottery Distribution Account. As there was no Vice-Chairman in position during the year, £3,528 of the Chairman's salary was recharged to the Lottery Distribution Account. No emoluments were paid to other Sports Council members in respect of Lottery activities. The Sports Council does not pay any pension contributions on behalf of the Chairman or Vice-Chairman.

Pension Scheme

The Sports Council participates in the Northern Ireland Local Government Officers' Superannuation Committee Scheme (the NILGOSC scheme). The NILGOSC scheme is part of the Local Government Pension Scheme (LGPS) and is a multi-employer, defined benefit scheme.

All assets, liabilities and operating costs relating to the pension scheme are processed through the Sports Council Exchequer Accounts. A recharge is made to the Sports Council Lottery Distribution Accounts for any pension costs incurred on behalf of the Lottery.

Details of the pension scheme are available within the Sports Council Exchequer Accounts.

5 Other operating costs

	Total 2008-2009 £	Direct 2008-2009 £	Recharge 2008-2009 £	Total 2007-2008 £
Travel and subsistence	16,982	7,965	9,017	17,740
Recruitment	2,854	9	2,845	3,960
Training	2,797	2,797	0	2,696
Publications, printing, stationery and IT consumables	4,210	4,210	0	3,837
Telephone and postage	9,105	0	9,105	4,400
Professional and consultancy fees	36,548	21,285	15,263	20,343
External audit fee	23,000	23,000	0	23,500
Repairs and renewals	0	0	0	60
Loss on Disposal	231	231	0	196
Sundry Expenses	17	17	0	32
Bank Charges	100	100	0	121
Publicity	118,043	13,884	104,159	60,862
Lottery Promotion	15,144	0	15,144	9,073
Research & Evaluation	16,450	0	16,450	304
Courses & Conferences	11,825	11,802	23	2,591
Awards for All Administration Costs	35,016	35,016	0	37,164
SCNI Overhead Charge	130,740	0	130,740	144,692
Total	423,062	120,316	302,746	331,571

Of the above total for 2008-2009 £302,746 (2007-2008: £228,275) was initially incurred by the Sports Council's grant-in-aid account and recharged to the Lottery Distribution Account.

6 Operating lease

The rent of land and buildings is an ongoing agreement with Sports Council for Northern Ireland Exchequer Account, who hold the operating lease in respect of the land and buildings in which the Lottery Fund resides. The following are the rental amounts incurred

	2008-2009	2007-2008
	Rent	Rent
	£	£
Total rent recharge	<u>10,800</u>	<u>4,320</u>

7a Tangible fixed assets

	Information Technology	Office Furniture and Equipment	Total
	£	£	£
Cost			
At 1 April	52,646	17,744	70,390
Additions	27,395	0	27,395
Disposals	(14,839)	0	(14,839)
At 31 March	<u>65,202</u>	<u>17,744</u>	<u>82,946</u>
Depreciation			
At 1 April	46,535	17,744	64,279
Charge for the year	4,957	0	4,957
Disposals	(14,839)	0	(14,839)
At 31 March	<u>36,653</u>	<u>17,744</u>	<u>54,397</u>
Net book value			
At 31 March 2009	<u>28,549</u>	<u>0</u>	<u>28,549</u>
At 31 March 2008	<u>6,111</u>	<u>0</u>	<u>6,111</u>

7b Intangible fixed assets

	Information Technology
	£
Cost	
At 1 April	50,130
Additions	14,619
Disposals	(4,806)
At 31 March	<u>59,943</u>
Depreciation	
At 1 April	45,692
Charge for the year	2,766
Disposals	(4,575)
At 31 March	<u>43,883</u>
Net book value	
At 31 March 2009	<u>16,060</u>
At 31 March 2008	<u>4,438</u>

8 Reconciliation of Movement of Funds

Balances held in NLDF	2008-2009	2007-2008
	£	£
Proceeds from Lottery	5,413,085	5,210,239
Investment Income	247,955	386,839
Drawn Down in Year	(7,098,045)	(8,006,379)
Decrease in Funds	(1,437,005)	(2,409,301)
Olympic Transfer	(282,023)	0
Unrealised Gain on Investment	23,260	45,909
Balance at 1 April	20,868,738	23,232,130
Balance at 31 March	19,172,970	20,868,738

The funds held in the NLDF are invested on its behalf by the National Investment and Loans Office. The above balances are based on the distribution of National Lottery funds set out in the National Lottery Act as amended. Interest earned on the sums invested is apportioned to each of the 12 Lottery Distributors on the basis of their percentage of the total remaining NLDF Funds at the time the interest is received. The market value of investments held by the NLDF on behalf of the Sports Council's Lottery Distribution Account at 31 March 2009 was £19,172,970 (2007-2008: £20,868,738). The actual cost of the NLDF balance at 31 March 2009 was £19,149,710 (2007-2008: £20,822,829).

9 NLDF balance policy

In August 2003 DCMS issued 'National Lottery Guidance Note 1/03: Management of NLDF Balances'. This guidance note proposes that each Lottery Distributor should have an NLDF balance policy and should publish a statement on its policy in its Annual Report and Accounts. This should include a target for the size of its NLDF balance based on an assessment of needs over the next three financial years.

The following is the policy as approved by the Sports Council

The Sports Council aims to keep NLDF balances at a prudent level that will maximise its ability to achieve its strategic objectives, and to ensure the speedy progress of existing and future commitments. In setting its target balances the Sports Council will seek to ensure that it neither compromise existing commitments nor unreasonably constrain its ability to make future commitments.

In April 2009 Sports Council agreed that the NLDF balance should decline as follows

- by 31 March 2010 to achieve a NLDF balance of £9.853m;
- by 31 March 2011 to achieve a NLDF balance of £6.259m; and
- by 31 March 2012 to achieve a NLDF balance of £2.115m.

At 31 March 2009 the Sport Council NLDF balance was £19.173m, the target balance agreed at the November 2008 Council was £15.297m. The difference between the actual balance and the target balance related to

- movement of projects from Lottery into Exchequer, due to additional capital funding received from the Department of Culture, Arts and Leisure during the year.
- payment for the Places for Sport projects taking place post year end.

10 Cash at Bank

	2008-2009	2007-2008
	£	£
Cash at Bank	61,169	312,995

11a Debtors and prepayments

	2008-2009	2007-2008
	£	£
Bank interest receivable	420	2,631
Grant clawbacks	0	1,483
Other debtors	29,542	127,779
	29,962	131,893

The following adjustment to the accounts has been required to reflect Awards for All

	2008-2009	2007-2008
	£	£
Grant clawback	1,483	(1,483)
Payment to Awards for All	0	19,465
Adjustment to grants	1,483	17,982

11b Intra government balances

There are no intra government balances in debtors and prepayments at the year end.

12 Creditors: due within one year*12a Analysis by type*

	2008-2009	2007-2008
	£	£
Corporation Tax payable	4,940	8,461
Trade creditors	69,167	53,214
Grant creditors	11,189,685	5,117,572
Amount Owed to SCNI	1,772,156	272,779
	13,035,948	5,452,026

A sum of £95,265 in 2007-2008 was included under Trade Creditors, this has been re-analysed to Grant Creditors.

12b Intra-government balances

	2008-2009	2007-2008
	£	£
Balances with central government	4,940	8,461
Balances with local authorities	567,661	486,155
Balances with other government organisations	3,592,444	3,397,505
Balances with bodies external to government	8,870,903	1,559,905
	13,035,948	5,452,026

13 Creditors: greater than one year*13a Analysis by type*

	2008-2009	2007-2008
	£	£
Grant commitments	847,340	3,868,022
	847,340	3,868,022

13b Intra-government balances

	2008-2009	2007-2008
	£	£
Balances with local authorities	55,864	458,988
Balances with other government organisations	15,291	140,225
Balances with bodies external to government	776,185	3,268,809
	847,340	3,868,022

14a Hard commitments

	2008-2009	2007-2008
	£	£
Hard Commitments brought forward	8,985,594	12,167,506
Hard Commitments met in the year	(8,287,735)	(7,114,237)
Hard De-commitments	(309,893)	(543,697)
Hard Commitments made	11,649,059	4,476,022
Balance of Hard Commitments outstanding carried forward	12,037,025	8,985,594

Profile of Hard Commitments

Payable in 2008-2009	0	5,117,572
Payable in 2009-2010	11,189,685	2,011,757
Payable in 2010-2011	847,340	1,005,508
Payable in 2011-2012	0	850,757
	12,037,025	8,985,594

There are no commitments detailed above expected to be payable after 2010-2011.

The SINI revenue award of £5.82m for 2004-2009 ended on 31 March 2009, with an underspend of £834,483. A subsequent five year grant for the period 2009-2014 had not been issued at 31 March 2009, as a result contingency arrangements were put in place whereby SINI could utilise the underspend of the 2004-2009 award until the 2009-2014 grant had been awarded and accepted.

Disclosure of Hard Commitments

	Note	2008-2009	2007-2008
		£	£
Creditors due less than one year	12	11,189,685	5,117,572
Creditors due greater than one year	13	847,340	3,868,022
Total Hard Commitments		12,037,025	8,985,594

The Balance Sheet shows a figure of £847,340 (2007-2008: £3,868,022) under 'Creditors due greater than one year: Grant Hard Commitments' and this represents the hard commitments payable in 2010-2011.

Soft Commitments

	2008-2009	2007-2008
	£	£
Soft commitments brought forward	100,075	137,540
Soft commitments transferred to hard commitments	(11,649,059)	(4,476,022)
Soft de-commitments	(281,000)	0
Soft commitments made	11,980,239	4,438,557
Balance of soft commitments outstanding carried forward	<u>150,255</u>	<u>100,075</u>

14b Analysis of grant payments

	2008-2009	2007-2008
	£	£
Public sector bodies	2,033,336	3,571,292
Private sector bodies	6,254,399	3,542,945
Total grant payments	<u>8,287,735</u>	<u>7,114,237</u>

15 Income and Expenditure Reserve

	2008-2009	2007-2008
	£	£
Balance at 1 April	12,004,127	11,082,810
Movement in funds - Income & Expenditure Account	(6,578,705)	921,317
Balance at 31 March	<u>5,425,422</u>	<u>12,004,127</u>

16 Related party transactions

Several members of the Sports Council, its Committees and staff are also involved with suppliers or other sports organisations in Northern Ireland either directly or indirectly as a result of a family relationship, a close friendship or business relationship. These individuals make an annual declaration of their interests and do not take part in discussions and decisions to make commitments to those organisations with which they have had a declared interest. A list of the commitments made to the organisations concerned and details of who made the declaration of interest is shown below. All of the transactions relating to the organisations were conducted at arms length by the Sports Council.

Organisation/Individual	Commitments £	Individual	Relationship
Athlete Support Programme Sports Costs and Living Costs Awards (Athletes)	473,854	Sports Institute Northern Ireland	Athletes funded by Sports Council and also receive services at the Sports Institute.
Ulster Provincial Council Irish Amateur Boxing Association Awards for All - Orienteering Canoe Association NI	7,400 Max 10,000 6,000	Paul Johnston Murray Cowan Trevor Fisher Oisin Hallissey Robin Gregg Nick Harkness Mike McClure Stephen Millar Kieran O'Hara	Subscribing Member Subscribing Member Subscribing Member Member and Former Squad Member Subscribing Member Subscribing Member Subscribing Member
Cycling Ulster	32,500	Maura McGreevy	Person Connected – Subscribing Member
Karen Cromie (Athlete)	24,000	Heidi Beth Hudson	Member of Knights Wheelchair Basketball Club
Netball NI	10,000	Karen Drennan Noleen Lennon	Person Connected – Member Subscribing Member
NI Commonwealth Games Council	14,188	Alan Strong John D'Arcy Laura Strong Danny O'Connor	Former Director Director Person Connected – Former Director SINI Director/2010 Delhi Commonwealth Games Committee Member
UB Irish Table Tennis Association	14,950	Alan Strong Laura Strong	Honorary Member Person Connected – Honorary Member
Organisation	Contracts £	Individual	Relationship
FGS McClure Waters	5,589	John Beggs	Ex employee

Other related parties include

The Sports Council for Northern Ireland is funded by the Department of Culture Arts and Leisure. The Department is regarded as a related party.

The Sports Council for Northern Ireland owns 50 per cent of the Sports Institute Northern Ireland via a joint venture with the University of Ulster. The Sports Institute Northern Ireland and University of Ulster are both regarded as related parties. Sports Council for Northern Ireland Council Members who currently reside as Directors on the Board of Sports Institute Northern Ireland are as follows

- Hugh McCaughey (Former Chair);
- Olive Brown;
- Danny O'Connor; and
- Patrick Turnbull.

Sports Council for Northern Ireland employs the following staff who hold positions at the Sports Institute Northern Ireland

- Shaun Ogle (Executive Director); and
- Ian Weir (Business Manager).

A percentage of these employees time is recharged to the Sports Institute Northern Ireland through a service level agreement.

The Lottery Account operations of the Sports Council for Northern Ireland are funded from the National Lottery Fund through the Department of Culture, Media and Sport. The Department is regarded as a related party.

In addition, Lottery grants were paid during the year to a number of organisations in which Council Members declared an interest. Having declared an interest Council Members are required to leave the meeting while the relevant application is discussed and a decision made.

17 Commitments

The Sports Council has a commitment under SI 2008 No. 255 The Payments into the Olympic Lottery Distribution Fund etc Order 2008. The total value of this commitment at the 31 March 2009 was £3.91m.

There were no capital commitments as at 31 March 2009.

18 Contingent liabilities

There were no contingent liabilities as at 31 March 2009.

19 Financial Instruments: Disclosures (FRS25, 26 and 29)

Sports Council's Lottery Fund financial instruments comprise of cash liquid resources; investments held in the National Lottery Fund Distribution Account; debtors, trade creditors; and grant commitments to applicants which arise directly from Sports Council's operations. The main purpose of these financial instruments is to provide finance for the operations of Sports Council. There are currently no borrowings or embedded derivatives.

Liquidity risks

In 2008-2009 £5.413 million (94.85 per cent) of the Sports Council's Lottery Fund's income was derived from the National Lottery. The remaining income is derived from investment returns from the balance held with the NLDF £0.271 million (4.75 per cent) and from Bank Interest and Sundry Income £0.023 million (0.40 per cent). The Sports Council consider that the Fund is not exposed to significant liquidity risks; and they are satisfied that sufficient liquid resources are held within the NLDF Investment and in the bank of £19.234 million to cover all current contracted commitments of £11.42 million.

Interest rate risks

The financial assets of the Fund are invested in the NLDF, which invests in a narrow band of low risk assets such as government bonds and cash. The Sports Council has no control over the investment of Funds in the NLDF. At the balance sheet date the Market Value of investment in the NLDF was £19.173 million. In the year, the average return on these investments was 3.719 per cent. Cash balances which are drawn down from the Fund to pay grant commitments and operating costs are held in an interest bearing current account which on average carried an interest rate of 3.08 per cent in the year. The cash balance at the year-end was £0.061 million. The Sports Council consider that the Fund is not exposed to significant interest rate risks.

Foreign currency risk

The Fund is not exposed to any foreign exchange risks.

Commodity risk

The Fund is not exposed to any commodity risks.

Credit risk

The Fund is not exposed to any credit risk.

20 Losses and special payments

There were no losses or special payment during the year which required disclosure in the accounts. (2007-2008: NIL).

21 Post balance sheet events

There have been no significant events between the year end and the date of approval of these accounts which would require a change to, or disclosure in, the accounts.

The Annual Report and Accounts were authorised by the Accounting Officer to be issued on 15 February 2010.

Appendix A

Lottery Policy Directions

The Department of Culture, Arts and Leisure, on behalf of the Department of Culture, Media and Sport, in exercise of the powers conferred by section 26(1) of the National Lottery etc. Act 1993 and having consulted the Sports Council for Northern Ireland (Sport Northern Ireland) pursuant to section 26(5) of that Act, hereby gives the following directions

- 1 In these Directions any reference to a section is a reference to a section of the National Lottery etc Act 1993.
- 2 In determining the persons to whom, the purposes for which and the conditions subject to which it distributes any money under section 25(1), Sport Northern Ireland shall take into account the following matters
 - a Its assessment of the needs of sport and its priorities for addressing them (having regard to government strategies/policies in force).
 - b The need to inspire children and young people, awakening their interest and involvement in sport.
 - c The need to foster local community initiatives which bring people together, enrich the public realm and strengthen community spirit.
 - d The need to support volunteering and encourage volunteering in sport.
 - e The need to encourage new talent, innovation, and excellence and help people to develop new skills.
 - f The need to involve the public and local communities in making policies and setting policies and setting priorities.
 - g The need to ensure that money is distributed for projects which promote public good rather than private gain.
 - h The need to further the objective of sustainable development.
 - i The need to ensure that all those receiving Lottery money acknowledge it using the common Lottery branding.
 - j The need to require an element of partnership funding, or contributions in kind from other sources, to the extent that this is reasonable to achieve for different kinds of applicants.
 - k The desirability of
 - increasing access and participation for all;
 - ensuring that all areas have access to funding; and
 - reducing economic and social deprivation.
 - l The desirability of working jointly with other organisations, including other distributors.
 - m The need
 - to set time limits for which grants are payable;
 - to ensure that Sport Northern Ireland has the necessary information and expert advice to make decisions on each application; and
 - for applicants to demonstrate the financial viability of projects.

- n Where capital funding is sought, the need
 - for a clear business plan showing how any running and maintenance costs will be met for a reasonable period; and
 - to ensure that appraisal and management for major projects match the Office of Government Commerce's Gateway Review standards.
- o The need to ensure that its powers to solicit applications under section 25 (2A) are used in connection with the pursuit of strategic objectives.

Signed on behalf of the Department of Culture, Arts and Leisure

Paul Sweeney
Permanent Secretary

16 April 2008

For further information about the National Audit Office please contact:

National Audit Office
Press Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP
Tel: 020 7798 7400
Email: enquiries@nao.gsi.gov.uk

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