


Annual Report

and Accounts 2009/10



The Probation Board's aim is to reduce crime and the harm it does by challenging and changing offender behaviour.

Probation Board for Northern Ireland

**Annual Report and Accounts
For the year ended 31 March 2010
Together with the Certificate and Report of the Comptroller and Auditor General**

Presented to Parliament pursuant to paragraph 2(3) of Schedule 3 to The Probation Board (Northern Ireland) Order 1982

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CHAIRPERSON'S FOREWORD

I am pleased to introduce the Probation Board for Northern Ireland (the Probation Board) Annual Report and Accounts for 2009 /2010.

This report covers the second year of the Corporate Plan 2008 – 2011 and the Probation Board is in a position to show real progress against our three-year targets.

Policing and Justice powers were devolved in April 2010 and we welcome that development and believe that there will be increased opportunities for us to raise awareness about our work and help to support a more joined up approach to reducing offending and re-offending and the harm they do. With increased opportunities comes increased responsibility and the Probation Board, like all public sector organisations, is faced with working within finite resources and a pressure to do more with less. We continue to demonstrate good value for money and deliver on our commitment to make the community safer through our work in managing offenders.

In 2009 /2010 we welcomed seven new Board members to the Probation Board. I wish to thank the outgoing Deputy Chair, Gillian Shaw, the new Deputy Chair, James Quinn, and all the other members of the Board, past and present, for their contributions to shaping and developing the organisation.

The public's expectation of the service we provide continues to increase and I would like to pay tribute to the Probation Board's staff who respond to the many challenges they face with commitment and professionalism.

Ronnie Spence CB

INTRODUCTION FROM THE DIRECTOR

This past year has seen the realisation of a number of projects and developments ambitiously highlighted by the Probation Board in its Corporate Plan 2008-2011.

The Probation Board has made a number of changes to how it delivers its services as a result of the introduction of the Criminal Justice (NI) Order 2008. Significant developments in this year have included the introduction of determinate custodial sentences and curfews/electronic monitoring which have been available from April 2009. A Priority Youth Offender Project has been operating from April 2009 in partnership with the Youth Justice Agency and January 2010 saw the opening of the Inspire Women's Project in Belfast, staffed by the Probation Board. The Criminal Justice Inspection (CJINI) report on Community Service provided a solid endorsement of this effective community sentence in preventing re-offending.

During the year the Probation Board started an assessment process for the Northern Ireland Quality Awards, in January 2010 we achieved a STEPS to Excellence-Bronze award. The learning and feedback gained from this process will assist the continuous improvement of the organisation. The Probation Board has chosen to use the EFQM (European Foundation for Quality Management) model to build excellence in all that it does.

In addition, a new Senior Management structure has been established and we are reviewing the structure below senior management to ensure the organisation is fit for purpose in the future. The Probation Board's Human Resources department has relocated to our training centre in Antrim from where all HR, training, equality and recruitment activity now operates.

We continue to develop practice in our work with offenders and have piloted two adult restorative justice interventions in rural areas, extending the existing pilots which have been established.

It was very pleasing to end the year in March 2010 through the hosting of a stakeholder seminar entitled 'What works in reducing offending' and we will continue to share best practice across the criminal justice sector.

We have grown as an organisation and are now central to the functioning of criminal justice. I would like to express my gratitude to all members of staff for their contribution to making the Probation Board one of the most effective probation services on these islands.

Brian McCaughey
Director

DEVOLUTION OF POLICING AND JUSTICE FUNCTIONS

On 9 March 2010, the political parties in Northern Ireland agreed that policing and justice functions should devolve to the Northern Ireland Assembly on 12 April 2010. During the period up to the date of devolution, the Probation Board complied with the corporate governance and accountability framework arrangements issued by the Northern Ireland Office and also the guidance issued by HM Treasury, including Managing Public Money.

The Annual Report and Accounts of the Probation Board for the year ended 31 March 2010 relate entirely to the period before devolution and will be laid in Parliament. References continue to be made in this report to the Northern Ireland Office as the parent Department during the reporting period. Further details are contained in Note 30.

When policing and justice functions in Northern Ireland were devolved to the Northern Ireland Assembly on 12 April 2010, the Department of Justice was established as a new Northern Ireland Department by the Department of Justice Act (Northern Ireland) 2010.

From this date, the Probation Board became a Non Departmental Public Body (NDPB) of the Department of Justice. As such, it now complies with the corporate governance and accountability framework arrangements issued by the Department of Justice and also the guidance issued by the Department of Finance and Personnel, including Managing Public Money Northern Ireland. The Annual Report and Accounts for years ending 31 March 2011 onwards will be laid in the Northern Ireland Assembly.

MANAGEMENT COMMENTARY

The Probation Board presents its annual report and audited accounts for the year ended 31 March 2010. The accounts have been prepared in accordance with the accounts direction issued by the Northern Ireland Office on 15th June 2010 on behalf of the Secretary of State.

2009/10 is the first year of adoption of the International Financial Reporting Standards, the accounts have been prepared with reference to the 2009/10 Financial Reporting Manual (FRm). Note 1 to the accounts details any resultant changes to PBNI's accounting policies and Note 2 deals with the first time adoption of IFRS.

History and Statutory Background

The Probation Board was established as a Non Departmental Public Body (NDPB), under the Probation Board (Northern Ireland) Order 1982 in accordance with a recommendation in the Report of the Review Group on Legislation and Services for Children and Young Persons in Northern Ireland (1979), that the probation service in Northern Ireland should be separated from Central Government and become responsible to a community based Board. The first Board, appointed in December 1982, has been followed by nine others, each of three years' duration, the last appointed in December 2009.

The Board's functions are set out in the Probation Board (Northern Ireland) Order 1982. In addition other legislation relating to probation activities is contained in the Criminal Justice (Northern Ireland) Order 1991, Criminal Justice (Northern Ireland) Order 1996, Criminal Justice Order (Northern Ireland) 2008 and the Criminal Justice (Children) (Northern Ireland) Order 1998, and in relevant amendments thereto.

The Permanent Secretary of the Northern Ireland Office, who is the principal Accounting Officer of the Northern Ireland Office, has designated the Director of Probation as NDPB Accounting Officer for the Probation Board.

Principal Activities

The main activities of the Probation Board are the supply of information to the courts through Pre-Sentence Reports, the supervision of Probation Orders, Community Service Orders, Custody Probation Orders, Combination Orders, and those released on licence after serving a period in custody. Since May 2008, the Probation Board also supervise offenders given public protection sentences (when an individual has been assessed as dangerous by the courts), and since April 2009, Determinate Custodial Sentences, sex offenders released on licence and the provision of social welfare services to prisoners and their families and assistance with resettlement after release. Community initiatives in the prevention of offending are encouraged and supported.

The Probation Board contributes to the funding of voluntary and community organisations for other facilities and schemes in connection with the supervision and assistance of offenders and the prevention of crime.

The Probation Board has both mandatory functions which it shall perform, and discretionary functions which it may perform with the approval of the Secretary of State.

The mandatory functions are to:

- secure the maintenance of an adequate and efficient probation service;
- make arrangements for persons to perform work under community service orders;

- provide such Probation Officers and other staff as the Secretary of State considers necessary to perform social welfare duties in Prisons and Young Offender Centres; and
- undertake such other duties as may be prescribed.

The discretionary functions are to:

- provide and maintain probation hostels and other establishments for use in connection with the supervision and assistance of offenders;
- provide and maintain bail hostels;
- make and give effect to schemes for the supervision and assistance of offenders and the prevention of crime; and
- make arrangements with voluntary organisations or any other persons (including Government Departments and public bodies) to:
 - provide and maintain such hostels and other establishments as mentioned above; and
 - give effect to schemes for the supervision and assistance of offenders and the prevention of crime.

The Board

The Director of Probation is responsible for the day to day operation and performance of the Probation Board.

The members of the Board during the year to 31 March 2010 were:

Mr R Spence CB	Chairman
Mrs G Shaw CBE	Deputy Chairman to 30 th November 2009
Mr J Quinn	Deputy Chairman from 1 st December 2009
Mrs J Daykin-Goodall	To 30 th November 2009
Mr T Flanagan	To 30 th November 2009
Mr A MacLaughlin	To 30 th November 2009
Mr P McAteer	To 30 th November 2009
Dr R McKee	To 30 th November 2009
Ms K Yiasouma	To 30 th November 2009
Mrs H McCartan	
Mr J McKeever MBE	
Mr R McNeill	
Mr W Osborne	
Mrs L Jennett	From 1 st December 2009
Mr B Mooney	From 1 st December 2009
Mrs M O'Rourke	From 1 st December 2009
Mrs V Patterson MBE	From 1 st December 2009
Mr D Rose	From 1 st December 2009
Mr M Wardlow	From 1 st December 2009
Dr R Wilson	From 1 st December 2009

Under The Probation Board (Northern Ireland) Order 1982, the Board shall consist of a Chairman, a Deputy Chairman and not less than 10 nor more than 18 other members. Membership at 31 March 2010 stood at 13 (Chairman and 12 other members).

The Board Audit Committee

The members of the Board Audit Committee during the year to 31 March 2010 were as follows:

Mrs H McCartan	Chair
Mr J McKeever MBE	Deputy Chair (to 23 rd February 2010)
Mr P McAteer	To 30 th November 2009
Dr R McKee	To 30 th November 2009
Mr J Quinn	To 30 th November 2009
Mr B Mooney	From 11 th December 2009
Mrs V Patterson MBE	From 11 th December 2009
Mr M Wardlow	From 11 th December 2009

Other attendees of the meetings included representatives from Internal Audit, External Auditors, Northern Ireland Office, and Director of Probation, Deputy Director Finance and Corporate Services, Head of Finance and Board Secretary from the Probation Board.

The Senior Executives

The Probation Board’s Senior Executives who served during the year were as follows:

Mr B McCaughey	Director of Probation
Mr D van der Merwe	Deputy Director Finance and Corporate Services
Ms C Lamont	Deputy Director Operations
Mr P Doran	Deputy Director Operations

Events since the end of the financial year

There have been no significant events since the end of the financial year, which would affect the results for the year or the assets and liabilities at the year end.

On 12 April 2010, policing and justice functions in Northern Ireland were devolved to the Northern Ireland Assembly and the Department of Justice came into existence as a new Northern Ireland Department. From this date, the lead policy responsibility for the Probation Board transferred from the Northern Ireland Office to the Department of Justice.

The 2009/10 financial statements have been prepared on the basis that the Probation Board was an NDPB of the Northern Ireland Office for the entire financial year and these will be laid in Parliament. There is no impact on the 2009/10 financial statements arising from the transfer of functions to the Northern Ireland Assembly on 12 April 2010.

Future Developments

This coming year is the third and final of the 2008-2011 Corporate Plan that identifies five core strategic priorities. Within each of these areas a number of outcomes have been set for 2010/11:

Strategic Priority	Objectives
Alliance and Partnerships	<ul style="list-style-type: none"> • Support the development of a Northern Ireland Offender Management Strategy. • Put in place pilot arrangements for a new strategic framework for the delivery of addictions services to offenders. • Develop systems and procedures to support the introduction of the EU Framework Decision on the mutual recognition of

	<p>probation supervision in line with the legislative timetable (the introduction of domestic legislation will extend into the next business year).</p>
<p>Assessing the Risk posed by offenders (including the management of risk)</p>	<ul style="list-style-type: none"> • Complete a comprehensive review of Northern Ireland Standards for the Assessment, Management and Supervision of Offenders. • Commission an independent evaluation of the ACE risk assessment tool and consider implications for PBNI practice. • Train relevant PBNI staff in new multi-agency risk assessment approaches. <ul style="list-style-type: none"> -PPANI (Public Protection Arrangements NI) Guidance (violent and sexual offending); -MARAC (Multi Agency Risk Assessment Conference) re domestic violence; and -UNOCINI (Understanding the needs of children in NI) re risk posed to children.
<p>Changing offenders' attitudes and behaviours</p>	<ul style="list-style-type: none"> • Supervised Activity Orders will be available in an agreed court district. • PBNI will have an agreed strategy on how to integrate victim needs and restorative principles into the organisation's approach to assessment and supervision by December 2010. • PBNI will have launched a new strategy for Community Service taking account of the 2010 CJINI Inspection recommendations by September 2010. • The joint PBNI/YJA Priority Youth Offending Project (POYP) in the Greater Belfast area will be evaluated.
<p>Public understanding and confidence</p>	<ul style="list-style-type: none"> • Year one of the PBNI Communications Strategy will be delivered. • A range of customer feedback mechanisms will be utilised to inform corporate planning and ongoing practice development. • PBNI will host a criminal justice conference to launch its 2011-2014 Corporate Plan.
<p>Organisational excellence</p>	<ul style="list-style-type: none"> • The recommendations arising from the review of structures below top level will be presented to the Board by September 2010. • Implementation of PBNI's revised performance appraisal system will commence in April 2010. • The average duration of sickness absence in PBNI will not exceed 10 working days per employee. • PBNI will agree the requirements specification for a new electronic case management system, including the use of new technologies.

- To assess equality of service delivery and promote good relations, PBNI will collect and analyse demographic information on service users.

Equal Opportunities Policy Statement

- It is the policy of the Probation Board that all staff and all applicants for employment shall, in accordance with legislative requirements and/or good employment practice, be given equal opportunity in all aspects of employment, training and career development irrespective of their sex, marital status, religion, political opinion, race or sexual orientation.
- The Probation Board resolves that no applicant for employment, training, career development or promotion will receive less favourable treatment or be disadvantaged by unjustifiable conditions or requirements by virtue of any disability. The average number of disabled employees in 2009/10 was 35.
- The Probation Board also resolves that no applicant for employment, training, career development or promotion will receive less favourable treatment or be disadvantaged by unjustifiable conditions or requirements by virtue of age.
- Application of conditions of service, all localised agreements and the operation of recruitment, training, career development, promotion and transfer policies for individuals shall be on the basis of service requirements and the individual's ability, qualifications and aptitude for the work.
- The Probation Board fulfils its obligations under Section 75 of the Northern Ireland Act 1998 in respect of promoting equality and good relations

Employee Involvement

The Probation Board maintains arrangements for regularly consulting employees so that their views may be taken into account in decision making. Membership of two trade unions, the National Association of Probation Officers (NAPO) and the Northern Ireland Public Service Alliance (NIPSA), are available to all staff within the Probation Board. A Joint Negotiating and Consultative Committee, on which management and the two unions are represented, provides the formal consultative machinery for discussion of policy and other issues of concern to employees. In addition employees at all levels are kept informed by circular of decisions taken by the Board and senior management, as well as of matters bearing on the performance of the organisation and directly on their terms and conditions of employment.

EFQM Excellence Model

In 2009/2010 the Probation Board has chosen to use the EFQM (European Foundation for Quality Management) model to build excellence into all that it does. In September 2009, we started an assessment process for the Northern Ireland Quality Awards, which resulted in the achievement of a STEPS to Excellence-Bronze award in January 2010. The learning and feedback gained from this process will assist the continuous improvement of the organisation.

Payment of Suppliers within 10 working days

A new Government target of payment of invoices within 10 working days of receipt of a properly rendered invoice was introduced with effect from 1 December 2008. Monthly statistics submitted to the NIO show that the Probation Board has improved on its payment performance through the year 2009/10. The prompt payment results for 2009/10 showed that 83.44% (71.10% for period

December 2008 to March 2009) of invoices were paid within 10 working days following receipt of a properly rendered invoice. The performance levels, which have varied through the year, are detailed in the table below:

Month	% paid within 10 days
April 2009	80%
May 2009	74%
June 2009	77%
July 2009	69%
August 2009	80%
September 2009	82%
October 2009	81%
November 2009	89%
December 2009	96%
January 2010	90%
February 2010	91%
March 2010	93%

Pension Liabilities and Remuneration

The Probation Board is an employing authority within the scheme provided by the Local Government Pension Scheme (NI). Membership of the scheme is optional for employees. The accounts reflect the contributions payable to the scheme in the year 2009/10.

For further information of senior executive remuneration and pension interests please refer to notes 1, 4, 19 and the Remuneration Report.

Registers of Interests

In accordance with the Probation Board's Code of Practice for Members, a Register of Members' Interests and a Register of Senior Management Interests is maintained for Board Members and Senior Management. The Registers are available for inspection on the Probation Board's website and they are updated on a regular basis. Note 26 to the Accounts provides details of any relevant related party transactions.

Non-current Assets

Non-current assets are valued at cost, adjusted as appropriate to reflect estimated current replacement costs. The estimated useful lives of assets are reviewed regularly and when necessary revised. There was £1,029k of additions to non-current assets during the year. Movements in non-current assets are disclosed in notes 12, 13 and 14.

Health and Safety

The Probation Board continues to pay special attention to the welfare of staff and customers, including matters relating to their health and safety.

Charitable Donations

There were no charitable donations made by the Probation Board during the year.

Board Member Responsibilities

The responsibilities of the Board Members are set out in the Probation Board's Management Statement which was issued by the Northern Ireland Office in May 2008.

Audit

These accounts are audited by the Comptroller and Auditor General (C&AG) who is appointed by statute and reports to Parliament on the audit examination. The audit fee for the year was £16k and relates to the audit of these financial statements and work done on Trigger Point 4 for the introduction of International Financial Reporting Standards (IFRS, see Note 1 to Accounts). No statutory activities unrelated to the audit of the Probation Board's financial statements, such as value for money audits, were undertaken during the year. The C&AG's certificate and report is produced at pages 34-35.

Disclosure of audit information

So far as the Accounting officer is aware, there is no relevant audit information of which the probation Board's auditors are unaware. The Accounting Officer has taken all necessary steps to make himself aware of any relevant audit information and to establish that the Probation Board's auditors are aware of that information.

Sickness Absence Data

The average day's sick absence per employee for the year 1 April 2009 to 31 March 2010 was 12 days. The reduction of sickness absence levels was a key priority for 2009/10 and remains so going forward. During 2009/10 a sick absence policy and associated procedures were introduced, with effect from 1 December 2009. All managers received training in the new policy and procedures. Sick absence has reduced significantly, by 6 days per employee (33.3%). Work is ongoing to embed the new policy and procedures into the Probation Board and reduce these figures further.

Going Concern

In compliance with International Accounting Standard (IAS) 19, the Probation Board has had to recognise a pension scheme liability of £26,114k on its statement of financial position (£9,026k in 2008/09). This year this has resulted in overall net liabilities of £22,105k (£5,016k restated in 2008/09). The Probation Board has paid pension contributions to NILGOSC in accordance with the scheme's specifications.

As the Probation Board will have the ongoing support and funding of the Northern Ireland Office (Department of Justice from 12th April 2010), the net liabilities resulting from the pension scheme deficit will not affect the Probation Board's ability to fulfil its functions, and the Probation Board will be able to meet whatever contributions are necessary to comply with NILGOSC's plan to make good the pension scheme deficit. It is therefore appropriate for the Probation Board's accounts to continue to be prepared on a going concern basis.

Risk Management and Register

The Probation Board maintains a risk register. This is updated on an annual basis and is monitored throughout the year. Each year, once the Business Plan has been agreed, the Director of Probation, along with the Senior Management Team (SMT), holds Risk Workshops in which the following areas are clearly identified and agreed:

- the risks that threaten to undermine or prevent the achievement of the organisation's objectives as laid out in the Corporate and Business Plans.

- an assessment of the likelihood of the risks occurring and an assessment of the impact of the risks to the organisation should they occur.
- the controls in place to mitigate, minimise or eliminate risks identified.
- the gaps in the risk management framework i.e. inactions or omissions that exist after identifying the controls in place.
- the specific actions that are required to address the identified gaps which allows the risks to exist; and
- assigning responsibilities to members of the SMT to actions to address gaps and therefore risks.

Once the Risk Register has been agreed, it becomes a 'live document' which is monitored regularly by the SMT to ensure that identified actions are being carried out on a timely basis. Quarterly progress reports are provided for Audit Committee meetings, together with the up-dated register.

The Risk Management Policy and Risk Management Guidance describe the arrangements for embedding risk management in the activities of the Probation Board through explicit processes for identifying, assessing and responding to risks. The Risk Management Policy and Guidance was reviewed in February 2010, by the Risk Management Group which has been responsible for the development, management and implementation of risk management processes.

During 2009/10, departmental risk registers were introduced and training provided for senior managers in the new risk management processes. This training was extended to cover middle managers in March and April 2010. Further detail on the Probation Board's Risk Management processes can be found in the Statement on Internal Control.

Statement on Information Risk

The Probation Board continues to monitor and assess its information risks, in order to identify and address any weaknesses and ensure continuous improvement of its systems. There were no incidents of loss of protected personal data within the Probation Board in the 2009/10 year which required to be reported to the Information Commissioner's Office. There were three localised incidents, data was recovered on each occasion. Each of these incidents was thoroughly investigated. All Probation Board staff have been reminded of their responsibilities in relation to information risks.

Table 1: Centrally recorded protected personal data related incidents not reported to the Information Commissioner's Office in 2009/10

Category	Nature of Incident	Total
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured Government premises	-
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured Government premises	-
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	-
IV	Unauthorised disclosure	-
V	Other	-

An Information Security Policy was approved by the Board in November 2009. A number of associated policies were also approved and put in place during 2009/10, these were as follows:

- An Information Assurance Policy
- An Internet and Email usage Policy
- A Monitoring at Work Policy; and
- A Protective Marking (of documents) Policy

In addition, a Data Loss Incident Response Plan was approved on 16 March 2010 and has been circulated to all staff. Information security awareness workshops were delivered to staff in March and April 2010. An e-learning package supplied by the Cabinet Office was rolled out to all staff and at 31 March 2010, over 90% of all staff had completed this learning and achieved the required pass mark.

There have been awareness articles in the monthly Probation Board staff newsletter, posters in areas where staff congregate, mouse mats and other awareness materials have been made available to staff. There is a Whistle Blowing policy which is owned by the Board Secretary. Probation Board staff are made aware of this policy as part of the Induction training. All staff including seconded staff are given induction training, from the Human Resources (HR) Department, when their employment commences with the Probation Board. HR has procedures to handle breaches of policy, where the necessary disciplinary action is taken which may involve investigations.

The existing Records Management guidance including the 'Security of Records' is covered at induction for both new and existing staff and refresher training is built in. The Public Records Office Northern Ireland (PRONI) has approved the guidance provided by the Probation Board Records Management Department. There are several relevant policies including: Data Protection; Freedom of Information (FOI); Retention and Disposal; Records Management Guidance.

A Business Continuity and Disaster Recovery Plan for the Probation Board was approved by senior management during the 2009/10 year. Staff have been made aware of this plan. It is also held at specific off site locations. Restoration of all IT systems has been tested successfully and further testing has been completed in June and July 2010.

An Information Asset Register has been produced, which details all kinds of information held by all Departments and Teams within the Probation Board. The risks associated with information assets, together with the controls in place and any identified gaps will be assessed as part of the 2010/11 risk management processes.

Complaints

Information is provided to individuals and partner organisations about the Probation Board's Complaints Policy. Offenders are advised of the complaints procedure during their initial contact with the Probation Board, for example when a report is being prepared for court or at the outset of the community sentence. All Probation Board offices have information leaflets to explain how to make a complaint if an individual is dissatisfied with any services provided by the organisation.

During 2009/2010 the Probation Board received 18 complaints. The majority of complaints were received from individuals on whom the Probation Board had completed a report from court, or who were subject to a court order the Probation Board were supervising. All complaints received were investigated, and nine were still under consideration at the end of the year under review. The greater proportion of those complaints still being dealt with at the end of the year under review had been received in the final three months of the year.

Environmental Matters

The Probation Board has an Environmental Policy and associated Guidance in place. A Corporate Social Responsibility Strategy was approved in February 2010 and work has commenced on an action plan. One element of this relates to the Environment and "Going Greener". Recycling of all dry waste products will be introduced to the Probation Board early in the 2010/11 year. The aim of this is to reduce waste going to landfill significantly over coming years, in line with other public sector bodies.

OPERATING AND FINANCIAL REVIEW

Corporate Plan

2009/10 was the second year of the 2008-2011 Corporate Plan. It identified five core strategic areas:

- Alliances and partnerships
- Assessing the risk posed by offenders
- Changing offender's attitudes and behaviour
- Public understanding and confidence; and
- Organisational excellence.

Funding

During 2009/10, the Probation Board was financed by a grant from the Northern Ireland Office Request for Resources 1 (supporting and developing an efficient, effective and responsive Criminal Justice System) the statutory authority being Article 7 (1) of the Probation Board (Northern Ireland) Order 1982.

Results for the year

The results of the Probation Board are set out on page 36, in the Net Expenditure Account. The deficit for the year transferred to General Fund was £ 19,159k (2008/09 – restated deficit £16,615k). The Probation Board's Statement of Financial Position shows net liabilities of £22,105k (2008/09 – restated net liabilities of £5,016k). The main reason for this movement has been the increase in the pension liability from £9,026k in 2008/09 to £26,114k in 2009/10.

The main reason for the significant increase in the NILGOSC pension liability has been the increase in value placed on liabilities in the scheme. The liability value is the value placed on the benefit payments that are expected to be paid to members of the pension fund in the future. Demographic assumptions (probabilities of death, ill health retirements, withdrawal and proportion married) and financial assumptions (rates of salary progression and pension increases) are made. The estimated liability amounts are then discounted back to produce a value at the valuation date using an assumed rate of investment return (or "discount rate").

The value of the liabilities tends to be the most sensitive to the financial assumptions that are made by the actuary (investment return, inflation and salary growth). IAS19 is an accounting standard that prescribes to some extent the discount rate that should be used. The discount rate is defined to be the yield available on an AA-rated bond of an appropriate term. In addition, an assumption has to be made regarding long term inflation and this is derived from the difference between the yield available on a government bond with a fixed return and that with a real return.

It is the difference between these two assumptions that impacts on the liability value, the discount rate less the inflation assumption is termed the real discount rate. The real discount rate has

decreased from 3.7% p.a. as at 31 March 2009 to 1.6% p.a. as at 31 March 2010. This is due to a fall in corporate bond yields over the year, combined with an increase in the level of inflation expectations. All else being equal, a lower real discount rate leads to a higher value being placed on the liabilities. Therefore the change in the real discount rate between March 2009 and March 2010 has had a substantial negative impact on the statement of financial position, increasing the value of liabilities significantly. The main reason for this is that future benefit payments will be paid from the money held by the fund plus the investment returns that are expected to be earned by the fund in the future. If the real discount rate reduces by 2% p.a. that means that the pension fund needs to hold more money now as less is expected to come from future investment returns. The impact of this reduction is greater on those employers who are expected to be paying benefits for longer, for example if their members are younger on average. For example, 2% over 25 years could add 60% to the value placed on liabilities. The liabilities have increased by approximately 75%, to £76,345k for the Probation Board from March 2009 to March 2010; the breakdown of this is shown below in Table 2:

Table 2	£k	Percentage Change in Liability
Liability 2009	43,527	-
Interest on the liabilities (as they are one year closer to payment)	3,034	7%
Cost of new benefits earned in the year	958	2%
Employees share of cost of new benefits	593	1%
Change in financial assumptions	26,322	60%
Change in mortality assumptions	2,565	6%
Past service costs (due to benefit changes)	551	1%
Benefits paid	(1,181)	(2%)
Unfunded benefits paid	(7)	(0%)
Experience on liabilities	(17)	(0%)
Liability 2010	76,345	75%

Improved life expectancy also has an adverse effect on the funding position of pension schemes, as they face the prospect of having to pay retirement benefits to pensioners who are living longer into the future. In order to attempt to model this improved life expectancy, the actuary has strengthened the post retirement mortality assumptions for the IAS19 2010 exercise. These assumptions lead to higher life expectancies than adopted in previous years, adding around 1.5 years to life expectancy at age 65, compared to the assumption adopted for the 2009 exercise. The increase in future life expectancy has therefore had an adverse effect on the IAS19 position at 31 March 2010, increasing the Probation Board's liabilities by 6% or £2,565k as detailed in table above.

The asset side of the equation has not been as unfavourable. Actual returns were greater than the interest on the liabilities under IAS19. The investment return on LGPS funds during 2009/10 was approximately 35% for the Probation Board.

In summary, the IAS19 deficit is significantly larger than last year; a fall in the real discount rate over the year has had an adverse effect and has outweighed the positive return on assets. Further, a strengthening of the post retirement mortality assumptions serves to increase liabilities further. Details of all movements are at Note 19 to the accounts.

Operating Performance in the year

The Probation Board works with a broad spectrum of offenders, ranging from minor first time offenders, to prolific, serious violent/sexual offenders.

Annually the organisation writes approximately 9,000 reports for the courts and Parole Commissioners. These figures include approximately 6,000 Pre-Sentence Reports.

At any given time the Probation Board will be working with over 4,000 offenders who are subject to a range of court sentences. The Probation Board is responsible for the supervision of people subject to Combination Orders, Community Service Orders and Probation Orders.

Additionally, the Probation Board undertakes a significant role in risk assessment while offenders are in custody, and on release supervises people on Juvenile Justice Centre Orders, Custody Probation Orders and people subject to licence requirements (licences transferred from other jurisdictions, Life Licences, and Sex Offender Licences), from April 2008, Public Protection sentences and from May 2009, Determinate Custodial sentences.

The Probation Board supervises all orders on the basis of agreed Northern Ireland Standards. It is the role of probation to challenge offending behaviour, to hold offenders to account and to help them change their attitudes and behaviour by addressing issues in their lives which have contributed to their involvement in crime. The Probation Board works in partnership with other Criminal Justice Organisations, Government Departments and the Voluntary and Community Sectors.

Work Undertaken during 2009/10

During the past year, 1 April 2009 to 31 March 2010, the Probation Board provided a total of 5,966 Pre-Sentence Reports and 325 Specific Sentence Reports to courts to assist sentencing decisions.

The Probation Board supplies Pre-Sentence Reports to Crown, Magistrates and Youth courts in Northern Ireland. The average time from a report being requested until it is supplied varies by court type. 96% of Pre-Sentence Reports supplied by the Probation Board during 2009/10 met the required timescales.

More complex and serious cases are dealt with in the Crown court, and on average, 29 working days were given for the preparation of Pre-Sentence Reports for Crown court cases, compared to 23 working days for Magistrates court cases, and 24 days for Youth court cases. During 2009/10, 80% of the Pre-Sentence Reports supplied by the Probation Board were for Magistrates' courts, 16% were for Crown court, and the remaining 4% were for the Youth court

Over 3,200 orders were made at court in the same twelve month period (see Table 3) which required the supervision of the Probation Board. The introduction of the Criminal Justice (NI) Order 2008 made public protection sentences available for dangerous offenders in Northern Ireland for the first time. Extended and indeterminate custodial sentences have been available to the courts from 15 May 2008. During 2009/10, 20 public protection sentences were made by the Northern Ireland courts.

Determinate custodial sentences, available from 1 April 2009, require an offender to serve a period of imprisonment followed by a period of supervision in the community. This will be the standard determinate sentence for all offenders, effectively replacing the Custody Probation Order.

The number of Combination and Probation Orders made in the year under review were broadly similar to the number in the previous year. The number of people who received Community Service Orders from the courts continues to rise steadily.

Table 3: Number of new orders made at court

Type of Order Made	Number of Orders made 2009/10	Number of Orders made 2008/09
Combination Order	220	203
Community Service Order	1,169	985
Custody Probation Order	325	496
Extended Custodial Sentences	20	-
Determinate Custodial Sentences	55	-
Juvenile Justice Centre Order	40	36
Licences*	86	66
Probation Order	1,317	1,306
Other**	-	4
TOTAL	3,232	3,096

* Persons subject to licence conditions on release from custody.

** Other includes Supervision and Treatment Orders, Youth Conference Orders and Community Responsibility Orders

At the end of March 2010, the Probation Board was supervising 4,298 offenders, compared to 4,042 at 31 March 2009 (an increase of 6%). At the end of March 2010, these people were subject to a total of 4,584 orders (4,306 at 31 March 2009). See Table 4 below for a breakdown of these orders.

The profile of the Probation Board caseload at 31 March 2010 was:

- eight in every ten people were completing the community element of their court order, the remainder were in custody
- 91% of offenders subject to Probation Board supervision were male
- Almost two thirds (64%) of the caseload were aged between 18 and 34 years
- 29% of the caseload were aged between 35 and 54 years

The breakdown of the various types of orders the Probation Board supervises is given in Table 4 below. Four in ten people under supervision were completing a Probation Order while a further two in ten were completing a Custody Probation Order. Almost a quarter of those being supervised were completing unpaid work as part of their court order (Community Service and Combination Orders).

Table 4: Number of orders subject to Probation Board supervision

Type of Order	No of orders subject to supervision 31 March 2010	No of orders subject to supervision 31 March 2009
Combination Order	274	248
Community Service Order	982	859
Custody Probation Order	953	1,062
Determinate Custodial Sentences	54	-
Extended Custodial Sentences	20	-
Juvenile Justice Centre Order	26	23
*Licences	415	383
Probation Order	1,814	1,676
**Other orders	46	55
TOTAL	4,584	4,306

* Persons subject to licence conditions on release from custody.

** Other includes Supervision and Treatment Orders, Inescapable Voluntaries, Community Responsibility Orders and Youth Conference Orders.

Performance against 2009/10 Business Plan Objectives

The Probation Board's three year Corporate Plan is delivered through a series of Annual Business Plans. The key organisational targets of the 2009/10 business plan together with the year end achievements are listed below. There were a total of 20 objectives, overall performance is as follows:

Definitions

Green	=	Fully achieved	- 16 (80%)
Amber	=	Partially achieved	- 1 (5%)
Lavender	=	Completion beyond PBNI control	- 3 (15%)
Red	=	Not achieved	- 0 (0%)

ANNUAL SUMMARY

Area	Green	Amber	Lavender	Comments
Alliances and Partnerships	6			All objectives fully achieved. Achievements included -operation of the Priority Youth Offending Project -use of curfews/electronic monitoring as an additional requirement of a community order -restorative interventions pilots
Assessing the Risk posed by offenders	2			To support the implementation of public protection sentences, the Probation Board revised its Risk of Serious Harm policy. A review of dealing with Serious Further Offending was also completed.
Changing offenders' attitudes and behaviours	4		1	INSPIRE Women's Project opened in January 2010. A report on Personality Disordered offenders was presented to the Criminal Justice Board and strategy in relation to offending behaviour programmes agreed. The organisation's community service strategy will be launched during 2010/11, taking into consideration the recommendations of the March 2010 CJI report on the community service scheme.
Public understanding and confidence	1			The Probation Board met with elected representatives and facilitated visits to the organisation in the course of the year.
Organisational Excellence	3	1	2	A survey of service users was completed, to be published in summer 2010. The Probation Board completed the Quality Awards assessment process in November, and was awarded a bronze award in January 2010. Work is ongoing in relation to the structural review of the organisation. Not all work was completed on time in relation to the Probation Board's office accommodation strategy. The specification for a new case management system is a business plan objective for 2010-2011.
TOTAL	16	1	3	

1. ALLIANCES AND PARTNERSHIPS

No:	Objective	Action	Outcome
1	A progress report on the Priority Youth Offender Project will be completed by March 2010 and will give direction to the future provision of services to young people.	<ul style="list-style-type: none"> • The Priority Youth Offender Project formally commenced in April 2009. • The Board were apprised of developments in relation to the PYOP on 12 February 2010. 	Achieved
2	An agreed plan and timeline outlining a new strategic framework for provision of services for offenders to assist in reducing re-offending will be approved by September 2009, and implemented during 2010/11.	<ul style="list-style-type: none"> • Board approval was given for a one year Community Development Funding Strategy and Policy for 2010/11 • In 2009/10, the Board agreed to implement a new strategic framework for the provision of services for offenders by 2011/12, including a pilot tendering exercise for Drug and Alcohol interventions. The framework is to include the implementation of a small grant scheme. 	Achieved
3	PBNI will have established systems and procedures to monitor the effectiveness of Electronic Monitoring within three months of commencement.	<ul style="list-style-type: none"> • Interim standards introduced April 2009, review report completed within three months of implementation of EM and considered by Project Board on 2 September 2009. • Interim standards revised • Management information is now available on those subject to curfew requirements from PIMS. • Ongoing meetings with G4S to discuss and review operational issues. 	Achieved
4	In 2009/10 PBNI will facilitate an inclusive process to promote the sharing of best practice in developing partnerships to reduce offending and re-offending.	<ul style="list-style-type: none"> • Seminar on Reducing Offending co-hosted with the NIO on 5 March 2010 • PBNI staff have received training on benefits management 	Achieved
5	Two Restorative Interventions Pilots will be introduced to rural areas by December 2009	<ul style="list-style-type: none"> • Both Rural pilots went live in October 2009 	Achieved
6	Systems and procedures for the provision of victims' information to Parole Commissioners will be in place and commenced by March 2010.	<ul style="list-style-type: none"> • Systems and procedures in place and provision of victims' information to Parole Commissioners commenced by March 2010 	Achieved

2. ASSESSING THE RISK POSED BY OFFENDERS

No:	Objective	Action	Outcome
7	PBNI's Risk of Serious Harm (revised) policy and procedures will be implemented and reviewed by March 2010.	<ul style="list-style-type: none"> The RoSH policy, procedures and attendant standards went live on 20 April 2009. The review of RoSH policy and procedures was completed by March 2010 	Achieved
8	PBNI will have a Revised Procedure on responding to Serious Further Offending by March 2010.	<ul style="list-style-type: none"> Policy and Procedures approved by Board on Friday, 12 February 2010. 	Achieved

3. CHANGING OFFENDERS ATTITUDES AND BEHAVIOURS

No:	Objective	Action	Outcome
9	The future provision of services to women offenders will be reviewed following a progress report on the Women's Centre to be completed by March 2010.	<ul style="list-style-type: none"> Inspire was formally launched by Minister Goggins during a successful event in the new premises on 11 January 2010. 	Achieved
10	By March 2010 a revised community service scheme will be in place taking into account internal audit reports and the recommendations of the 2009 Criminal Justice Inspection.	<ul style="list-style-type: none"> The CJINI report was published on 10 March 2010. The delay in the release of the report has affected the Probation Board's ability to conclude work on the CS strategy by end of March 2010. Although work has continued on elements of the draft strategy, it has not, however, been possible to have the revised Community Service Scheme in place and this work will now have to be carried forward into the first quarter of the new business year. 	Beyond PBNI control
11	A PBNI position paper on Personality Disordered Offenders will be developed and presented to the Criminal Justice Board by September 2009.	<ul style="list-style-type: none"> Presentation and paper at Criminal Justice Board on 9 July 2009. 	Achieved
12	A range of Offending Behaviour Programmes and related delivery plans will be agreed internally and with the NI Prison Service by March 2010.	<ul style="list-style-type: none"> 4 IDAP pilot sites have now begun province-wide Safer Lives Programme implementation Staff training on GOALS (Programme for Women Offenders) completed February 2010 JETS & Juvenile Cognitive Self-Change implementation plans progressing with PYOP & Hydebank Wood 	Achieved

13	To ensure that PBNI is at the forefront in the development and delivery of effective interventions, PBNI will examine the impact of its existing interventions and disseminate information, and seek to learn from effective practice in other jurisdictions, by September 2009.	<ul style="list-style-type: none"> Co-hosted multi agency seminar with NIO in 2009/10 	Achieved
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4. PUBLIC UNDERSTANDING AND CONFIDENCE

No:	Objective	Action	Outcome
14	PBNI will contribute to increasing public confidence in the Criminal Justice System by better informing elected representatives, the media and the public about its work by March 2010.	<ul style="list-style-type: none"> Senior Managers have completed media training Facilitation of visits to community service placements Meetings held with MLAs Positive coverage in community service related newspaper articles 	Achieved

5. ORGANISATIONAL EXCELLENCE

No:	Objective	Action	Outcome
15	PBNI will undertake a survey of offenders under supervision by March 2010	<ul style="list-style-type: none"> Survey fieldwork has been completed, and draft report compiled by March 2010 	Achieved
16	Key recommendations in the Top Structure Review Report will be implemented by June 2009, and proposals for restructuring below top level agreed by December 2009.	<ul style="list-style-type: none"> Recruitment of Head of Business Planning and Development complete (completes top structure recommendations). Tender awarded for review of structure below Senior Management Terms of reference and scope of the review have been agreed for commencement in April 2010 Due to the request for job evaluation at middle management grade, the achievement of the second part of this objective by December 2009 was not possible 	Beyond PBNI control
17	PBNI's revised corporate risk management policy will be implemented by June 2009.	<ul style="list-style-type: none"> Risk management training delivered to SMT by June 2009 Departmental risk registers introduced in September 2009 	Achieved

		<ul style="list-style-type: none"> • Risk Management Group established in June 2009 	
18	To achieve organisational excellence, PBNI will develop an integrated strategy to further improve individual and organisational performance, taking account of the 2008 Staff Survey and the 2008 IIP Report, by September 2009.	<ul style="list-style-type: none"> • EFQM submission sent in September 2009 • Integrated strategy developed, lead senior managers identified and improvement plan agreed by SMT by March 2010 	Achieved
19	Procurement of a new electronic case management system will have commenced by December 2009.	<ul style="list-style-type: none"> • Delay experienced due to request from NIO for a joint project with Youth Justice Agency • Ministerial approval granted in March 2010, for procurement of a consultant to produce output based specification(s) 	Beyond PBNI control
20	The first phase of PBNI's office accommodation strategy will commence by April 2009 and will be completed by March 2010.	<ul style="list-style-type: none"> • Four major projects completed with staff on site • Other projects in progress at 31 March 2010 	Partially Achieved

REMUNERATION REPORT

Remuneration Policy

1) Board Members

The Chair and other members of the board were all appointed by the Secretary of State for Northern Ireland in line with the Commissioner for Public Appointments "Guidance on Appointments to Public Bodies". The Secretary of State determines the emoluments of these persons.

2) Senior Executives

The senior executives of the Probation Board are employed by the Probation Board under terms and conditions of employment that are contained in collective agreements reached under the auspices of the Standing Committee for Probation Chief Officer Grades (England and Wales). The parties to the Standing Committee are the Probation Association, the National Probation Directorate, the GMB Society of Chief Officers of Probation (GMB-SCOOP) and the National Association of Probation Officers (NAPO).

Implementation of any agreement within the Probation Board is subject to the approval of the Secretary of State for Northern Ireland, given with the consent of the Treasury.

In reaching its recommendations the parties to the Standing Committee have worked together to:

- Ensure that the pay system is fit for purpose and leads to higher quality service delivery
- Develop a fair and transparent pay and conditions structure which has the confidence and support of employees, employers and trade unions
- Assist the goal of building an excellent organisation with the right number of employees with the right skills and diversity, and organised in the right way
- Encourage working patterns which enable employees to achieve an acceptable balance between work and their private life
- Improve quality and availability of training and development opportunities to enhance service delivery and meet reasonable aspirations of employees
- Meet equal pay for work of equal value criteria, recognising that pay can be any benefit in cash or conditions
- Ensure implementation of new pay and conditions arrangements fairly and consistently across the service
- Ensure that the implementation of new pay and conditions arrangements is within financial and other constraints
- Ensure as far as possible that staffing and other resources are commensurate with workload.

Service contracts

Appointments in the Probation Board are made in accordance with the Probation Board's Equal Opportunities Policy and with reference to the Equality Commission's Advice and Guidance.

The compulsory retirement age in the Probation Board is 65 but officers may exercise the right to apply for continued employment beyond that age.

Board Remuneration Committee

The Board has established a Remuneration Committee consisting of the Board Chairman, Board Deputy Chairman and the Chairs of the Corporate Services, Policy and Practice and Audit Committees to consider performance pay for the Director of Probation.

The Remuneration Committee is a sub-committee of the Board.

The purpose of the Committee includes consideration and approval of the annual pay remit and the award of performance related pay, based on an assessment of performance against key performance measures.

Salary and Pensions Entitlement

The salary and pension entitlements of the senior executives of the Probation Board were as follows:-

AUDITED INFORMATION

Name & Title	Salary (Prior year)	Benefits in Kind	Real increase in Pension & related Lump Sum	Total Accrued Pension and related Lump Sum	CETV at 31/03/10	CETV at 31/03/09	Real increase in CETV after adjustment
	£K	£	£K	£K	£K	£K	£K
Mr B McCaughey Director of Probation*	85-90 (80-85)	1,344	2.5-5 plus lump sum 2.5-5	30-35 plus lump sum 95-100	700	604	80
Mr D van der Merwe Deputy Director Finance and Corporate Services	80-85 (70-75)	1,247	0-2.5 plus lump sum 0-2.5	5-10 plus lump sum 10-15	75	53	20
Ms C Lamont Deputy Director Operations**	65-70 (55-60)	1,302	2.5-5 plus lump sum 7.5-10	20-25 plus lump sum 60-65	401	311	81
Mr P Doran Deputy Director Operations**	65-70 (55-60)	1,282	2.5-5 plus lump sum 7.5-10	20-25 plus lump sum 55-60	354	276	70

* Mr B McCaughey was appointed Director of Probation on 1 August 2008; therefore his comparative salary for the period 1 April 2008 to 31 July 2008 was at a lower grade, while for 2009-10 it was at the higher grade for the full year.

** Mr P Doran and Ms C Lamont were appointed Deputy Directors Operations towards the end of 2008-09, following a restructuring of the management within the Probation Board.

The Cash Equivalent Transfer Values (CETV) calculations have been calculated in accordance with Employer Pension Notice EPN06/2010. Where necessary last years figures have been revised to include Performance Related Pay (PRP) in the pensionable pay and therefore producing a correct real increase this year.

Benefits in kind detailed in the table above relate to mileage expenses paid to senior executives in line with National Negotiating Council for the Probation Service terms and conditions. These are higher than the amount allowable for tax (40p per mile) and are reported to Inland Revenue as a taxable emolument.

CETV at 31/03/10 and CETV at 31/03/09 show the member's cash equivalent transfer value (CETV) accrued at the beginning and the end of the reporting period. Real increase in CETV after adjustment for inflation and changes in market investment factors reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The CETV figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Local Government Pension Scheme (NI) and for which the scheme has received a transfer payment commensurate to the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries 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 drawn.

Salary includes gross salary and performance pay but excludes travel lump sum.

The Chairman and Board members receive remuneration and expenses. The Board members are appointed for a fixed term of 3 years. The Board members received remuneration of £5,050 per annum paid at a monthly rate of £ 420.83. The Chairman and the Board members are not members of the Probation Board's pension scheme. Full details of Board Members' remuneration and expenses are in the table below (audited).

		*Remuneration and Expenses
		£k
Mr R Spence CB	Chairman	35-40
Mrs G Shaw CBE	Deputy Chairman to 30 th November 2009	0-5
Mr J Quinn	Deputy Chairman from 1 st December 2009	5-10
Mrs J Daykin-Goodall	To 30 th November 2009	5-10
Mr T Flanagan	To 30 th November 2009	0-5
Mr A MacLaughlin	To 30 th November 2009	0-5
Mr P McAteer	To 30 th November 2009	5-10
Dr R McKee	To 30 th November 2009	0-5
Ms K Yiasouma	To 30 th November 2009	0-5
Mrs H McCartan		5-10
Mr J McKeever MBE		5-10
Mr R McNeill		5-10
Mr W Osborne		5-10
Mrs L Jennett	From 1 st December 2009	0-5
Mr B Mooney	From 1 st December 2009	0-5
Mrs M O'Rourke	From 1 st December 2009	0-5
Mrs V Patterson MBE	From 1 st December 2009	0-5
Mr D Rose	From 1 st December 2009	0-5
Mr M Wardlow	From 1 st December 2009	0-5
Dr R Wilson	From 1 st December 2009	0-5

* These figures include an element of benefits in kind, relating to mileage expenses paid in line with DOE Local Government Policy circular LG 10/09. These rates are higher than the amount allowable for tax. The element which relates to home to office mileage is taxed at source and any additional business mileage is reported as a further taxable emolument to Inland Revenue.

B McCaughey
Director of Probation
Probation Board for Northern Ireland
2nd July 2010

STATEMENT OF THE PROBATION BOARD FOR NORTHERN IRELAND'S AND THE DIRECTOR OF PROBATION'S RESPONSIBILITIES

Under paragraph 2 of Schedule 3 to the Probation Board (Northern Ireland) Order 1982 the Probation Board for Northern Ireland is required to prepare a statement of accounts in the form and on the basis determined by the Secretary of State with the approval of HM Treasury. The accounts are prepared on an accruals basis and must give a true and fair view of the Probation Board for Northern Ireland's state of affairs at the year end and of its income and expenditure, changes in Taxpayers' Equity, and cash flows for the financial year.

In preparing the accounts the Probation Board for Northern Ireland is required 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 have been followed, and disclose and explain any material departures in the financial statements;
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the entity will continue in operation.

The principal Accounting Officer of the NIO has designated the Director of Probation as the Accounting Officer for the Probation Board for Northern Ireland. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances and for the keeping of proper records, are set out in *Managing Public Money*, published by HM Treasury.

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 Probation Board's policies, aims and objectives as set out in our three-year corporate plan supported by an annual business plan, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money.

The Probation Board is a Non Departmental Public Body sponsored by the Northern Ireland Office (NIO). The Board has corporate responsibility for ensuring that the Probation Board fulfils the aims and objectives set by the NIO and for promoting the efficient and effective use of resources by the organisation. I, as Accounting Officer, in agreement with the Board and the NIO, establish the organisation's corporate and business plans in light of the sponsoring department's wider strategic aims.

I advise the Board on the Probation Board's operating and financial performance compared with its aims and objectives and ensure that its governance responsibilities can be discharged in accordance with established criteria. The inter-relationship between the Probation Board and NIO is codified in formal documents, such as the Management Statement and Financial Memorandum, in addition to being informed by relevant Dear Accounting Officer letters.

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 Probation Board'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 Probation Board 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.

The Board exercises strategic control over the operation of the organisation, through a system of corporate governance which includes:

- A scheme of delegation, which delegates decision making authority within set parameters to the Board, Director and other officers;
- Standing Orders and Finance instructions; and
- The establishment and operation of an Audit Committee.

The system of Internal Financial control is based on a framework of regular financial information and administrative procedures including the segregation of duties and a system of delegation and accountability.

The Probation Board's internal audit service operates to defined standards. The primary objective of Internal Audit is to provide me in my role as Accounting Officer with an objective evaluation of, and opinion on, the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

Capacity to Handle Risk

As Accounting Officer, I retain overall responsibility and accountability for risk management. Executive responsibility for corporate risk management within the Probation Board rests with the Deputy Director Finance and Corporate Services.

The capacity to handle risk is given high priority in the Probation Board. The organisation's Audit Committee, which reports to the Board, has oversight of the initiatives taken by management to promote risk management. As Director of Probation, I, together with the Deputy Director Finance and Corporate Services and our Senior Management Team (SMT) are pivotally involved in risk identification, evaluation and control. Senior Management have participated in risk management training and workshops on how to identify risks that threaten the objectives of the organisation, the controls in place to mitigate risk and how to devise actions to deal with gaps in the risk and control framework. Risk management training has been delivered to all other managers within the Probation Board.

The Risk and Control Framework

The Risk Management Policy and Risk Management Guidance describe the arrangements for embedding risk management in the activities of the Probation Board through explicit processes for identifying, assessing and responding to risks.

The Risk Management Group has been responsible for the development, management and implementation of the Probation Board's Risk Management Framework. The minutes of Risk Management Group meetings are reported to the Audit Committee which monitors appropriate implementation of risk management processes.

The Probation Board has maintained a risk register for a number of years. This is updated on an annual basis and is monitored throughout the year. Each year, once the Business Plan has been agreed, the SMT and I hold Risk Workshops in which the following areas are clearly identified and agreed:

- the risks that threaten to undermine or prevent the achievement of the organisation's objectives as laid out in the Corporate and Business Plans.
- an assessment of the likelihood of the risks occurring and an assessment of the impact of the risks to the organisation should they occur.
- the controls in place to mitigate, minimise or eliminate risks identified.
- the gaps in the risk management framework i.e. inactions or omissions that exist after identifying the controls in place.
- the specific actions that are required to address the identified gaps which allows the risks to exist.
- assigning responsibilities to members of the SMT to address gaps and therefore risks.
- discussion on one key strategic risk at monthly Board meetings.

Once the Risk Register has been agreed, it becomes a 'live document' which is monitored regularly by the SMT to ensure that identified actions are being carried out on a timely basis. Quarterly progress reports are provided for the Audit Committee meetings, together with the up-dated register.

The Risk Management Policy stipulates a review of the policy after three years (due 2012). However, in addition an annual review of the operation of the policy is undertaken by the Risk Management Group (set up in 2008/09). This was undertaken in February 2010 and reported to Audit Committee on 23rd February 2010. The Risk Management Guidance has also been reviewed and revised as appropriate. This guidance provides a framework that will allow the Probation Board to improve upon the high quality of services already being provided. This is achieved through a proactive, ongoing process of risk assessment, with the objective of improved prevention, control and containment of risk. The guidance document provides a system for evaluating the known or potential risks within the organisation and then categorising them.

In 2009/10, Departmental Risk Registers were developed for Corporate Services and Operational Departments. Each risk identified is classified according to its potential impact on the Probation Board and the likelihood of its occurrence. These are entered onto Departmental Risk Registers with action plans to eliminate the risks, or at least to reduce them to an acceptable level.

The most significant risks identified in the Departmental Risk Registers are escalated to the Corporate Risk Register. All risk registers are reviewed on a regular basis by the appropriate senior managers and then by the Risk Management Group. This is made up of representatives from senior and middle management and considers all the risks facing the organisation and the controls required to minimise these risks.

In their review of Corporate Risk Management, the internal auditors made some recommendations for improvement in the Probation Board's risk management processes. These are as follows:

- That a combination of top down and bottom up inputs to the risk assessment process is desirable and that risk management should be firmly embedded throughout the organisation and should not be led by a "top down" approach. It is important to ensure that all stakeholders appreciate the importance of identifying and managing risks within their own areas of responsibility, in order to establish a culture where risk management can thrive.
- The auditors also recommended that current risk registers are reviewed to ensure that they are reflective of risks threatening the failure of both strategic and operational objectives at the Probation Board.

Progress against these recommendations to date is as follows:

- Risk management training has now been delivered to all levels of management within the Probation Board and Team Business Planning is underway, so teams and departments will be considering risks when determining their work for the year ahead. Risk owners are all now aware of their responsibilities for risk management.
- The Probation Board Risk Management Guidance now includes a section detailing the embedded risk management processes that contribute to effective risk management by providing mechanisms for staff and managers to identify and escalate risks through appropriate channels. These embedded processes include offender risk assessment and management, health and safety, fraud, management of personal information on offenders and staff and business continuity arrangements.
- Senior management workshops in April and May considered risks facing the Probation Board in the 2010/11 year. The outcome will be updated Departmental and Strategic Risk Registers which will clearly identify risks and risk owners at both strategic and departmental level. The updated Strategic Risk Register was presented to the Audit Committee in June 2010.

Management of Information Risk

For 2009/10 I am required to comment upon the management of information risk in the Probation Board.

The Probation Board continues to monitor and assess its information risks, in order to identify and address any weaknesses and ensure continuous improvement of its systems. There were no significant incidents of loss of protected personal data within the Probation Board in the 2009/10 year which required to be reported to the Information Commissioner's Office. There were three localised incidents, on each occasion, data was recovered. Staff have been reminded of their responsibilities in relation to information risks.

In order to evaluate the controls in place in this area, I, in my role as Accounting Officer, requested that internal audit carry out an audit of this area in 2009/10. I recognised that improvements in information governance were necessary. The report was received in February 2010 and was assigned a "Limited" level of assurance. Prompt action was required to improve the adequacy and effectiveness of risk management, control and governance in this area. I established an Audit Control Group which was tasked with addressing the recommendations resulting from this and other audits carried out in 2009/10. This covered a total of thirty seven recommendations. The group met weekly over the period March/April 2010 to progress matters. This work has been reviewed by the internal auditors and the results are included within their annual report, which recognises the significant work which has been undertaken and progress which has been made in relation to their recommendations.

Review of Effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control.

My review of the effectiveness of the system of internal control is informed by the work of the Internal Auditors and the Senior Managers within the organisation 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 Board, the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

In respect of the system of internal control the following processes are in place:

- an annual report on performance at the accountability review with the Minister;
- a quarterly report to the Northern Ireland Office on performance against targets and objectives contained in the annual business plan;
- regular reviews by internal audit, to standards defined in the Government Internal Audit Manual, which include an Annual Report which contains an independent opinion on the adequacy and effectiveness of the Probation Board's system of internal control together with recommendations for improvement;
- periodic reports from the Audit Committee to the Board concerning internal control;
- reports from managers on the steps they are taking to manage risks in their areas of responsibility including progress on key projects;
- monthly Board Meetings that consider regular monitoring reports on performance against targets and examine one key strategic risk at each meeting;
- annual Risk Workshops;
- quarterly meetings of the Risk Management sub group, chaired by the Deputy Director Finance and Corporate Services, to review risk management processes and the departmental and corporate risk registers; and

- during course of the year, because of deficits identified through internal processes, an audit control group was set up to address those issues over the March/April 2010 period.

Review of System of Internal Control

During the year 2009/10, the Internal Auditor reported on the following systems as part of his programme of operational audits:

Audit Assignment	Level of Assurance provided
General Financial Controls	Limited
*General Financial Controls – Follow up audit	Satisfactory
Management of Offenders posing a Risk of Serious Harm (ROSH)	Satisfactory
Review of Client expenses	Satisfactory
Management of Information and Data Protection	Limited
Review of Governance and Corporate Risk Management	Satisfactory
IT General Controls	Satisfactory

In relation to the operational audits performed, the overall assurances provided by the Internal Auditor are shown in the above table. Four reports received a satisfactory assurance rating and two a limited assurance rating. Weaknesses in control were identified in a number of areas; recommendations to address these control weaknesses have been or are being implemented. An Audit Control Group was set up, which was tasked with addressing the recommendations resulting from all audits carried out in 2009/10. An action plan is in place and significant progress has been made in addressing the issues.

*The General Financial Controls audit was given a limited assurance rating mainly due to shortcomings in the Disaster Recovery procedures which affected the Financial IT systems. Substantial work has been carried out in the whole area of Disaster Recovery, which included a full back up and testing of all aspects of the Finance systems which was carried out successfully. A follow up audit carried out in April 2010, recognised this and the assurance level for General Financial Controls has been upgraded to “Satisfactory”.

In his Annual Assurance Report, the Probation Board’s Internal Auditor reported that, on the basis of work undertaken it is their opinion that the current framework of control within the organisation provides a “Satisfactory level of assurance, except for Management of Information and Data Protection which received a Limited assurance rating”.

In respect of the wider control environment, the Probation Board has in place a range of organisational controls, commensurate with the current assessment of risk, designed to ensure the efficient and effective discharge of its business in accordance with the law and departmental direction. Every effort is made to ensure that the objectives of the Probation Board are pursued in accordance with the recognised and accepted standards of public administration. The Probation Board is also subject to the scrutiny of the Criminal Justice Inspection Northern Ireland (CJINI) which is an independent statutory inspectorate with responsibility for inspecting all aspects of the criminal justice system in Northern Ireland apart from the Judiciary. Their reports are both thematic covering all organisations and specific to the Probation Board. The one specific report for the Probation Board during 2009/10 was an inspection of the Community Service Scheme dated 10 March 2010. Details of inspections can be found on the CJINI website www.cjini.org.

Conclusion

I can provide satisfactory assurance on the effectiveness of the Probation Board's internal control environment, with the exception of the Management of Information and Data Protection which received a limited assurance rating from internal audit. I confirm that an action plan to address weaknesses and gaps and to ensure continuous improvement to the systems is on-going. It is evidenced by the programme of work undertaken by the Risk Management Group, the Audit Control Group, the Senior Management Team and the Audit Committee and this work will continue in 2010/11.

Brian McCaughey
Director of Probation
2nd July 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 Probation Board for Northern Ireland for the year ended 31 March 2010 under the Probation Board (Northern Ireland) Order 1982. 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 the Probation Board for Northern Ireland, Director of Probation and auditor

As explained more fully in the Statement of the Probation Board for Northern Ireland's and the Director of Probation's Responsibilities, the Director of Probation 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 the Probation Board for Northern Ireland's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Probation Board for Northern Ireland; 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 the Probation Board for Northern Ireland's affairs as at 31 March 2010 and of its deficit, changes in taxpayers' equity and cash flows for the year then ended; and
- the financial statements have been properly prepared in accordance the Probation Board (Northern Ireland) Order 1982 and the Secretary of State for Northern Ireland's directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Probation Board (Northern Ireland) Order 1982 and directions issued by the Secretary of State for Northern Ireland; and
- the information given in the Management Commentary 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 returns adequate for my audit have not been received from branches not visited by my staff; 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 no 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
Date: 12th July 2010*

PROBATION BOARD FOR NORTHERN IRELAND
NET EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2010

	Note	2009/10 £000	2008/09 £000 Restated
Expenditure			
Staff Costs	4	14,596	12,748
Depreciation	12,13 & 14	783	642
Grants for Community Development	5	1,258	1,172
Community Service and other schemes	6	287	251
Other operating costs	7	3,987	4,105
Total Expenditure		20,911	18,918
Income			
Income from Activities	3	(2,029)	(2,123)
Total Income		(2,029)	(2,123)
Net Expenditure		18,882	16,795
Interest			
Finance Cost/(Income)	8	755	(155)
Cost of Capital	9	(476)	(23)
Interest Receivable	11	(2)	(2)
Net Expenditure after cost of capital charge and interest		19,159	16,615

All amounts above relate to the continuing activities of the Probation Board.

The notes on pages 41 to 68 form part of the accounts.

PROBATION BOARD FOR NORTHERN IRELAND
STATEMENT OF FINANCIAL POSITION
As at 31 MARCH 2010

	2010	2009	1 April 2008
Note	£000	£000 Restated	£000 Restated
Non-current assets:			
Property, plant and equipment	12 & 13	3,832	3,994
Intangible assets	14	243	288
Total non-current assets		<u>4,075</u>	<u>4,282</u>
Current assets:			
Assets classified as held for sale	15	325	-
Trade and other receivables	16	480	441
Other current assets		-	-
Cash and cash equivalents	24	37	183
Total current assets		<u>842</u>	<u>624</u>
Total assets		<u>4,917</u>	<u>4,906</u>
Current liabilities:			
Provisions		-	-
Trade and other payables	17	(908)	(896)
Other liabilities		-	-
Total current liabilities		<u>(908)</u>	<u>(896)</u>
Non-current assets plus/less net current assets/liabilities		4,009	4,010
Non-current liabilities			
Long Term Provisions	18	-	-
Pension Liabilities	19	(26,114)	(9,026)
Total non-current liabilities		<u>(26,114)</u>	<u>(9,026)</u>
Assets less liabilities		<u>(22,105)</u>	<u>(5,016)</u>
Taxpayers' Equity			
General fund		(23,655)	(7,109)
Revaluation reserve		1,497	2,040
Donated assets reserve		53	53
Government grant reserve		-	2
		<u>(22,105)</u>	<u>(5,016)</u>

The notes on pages 41 to 68 form part of the accounts

The financial statements on pages 36 to 68 were approved by the Board and were signed on its behalf by:

B McCaughey
Director of Probation
2nd July 2010

PROBATION BOARD FOR NORTHERN IRELAND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2010

	Note	2009/10 £000	2008/09 £000 Restated
Cash Flows from operating activities			
Net (deficit)/surplus after cost of capital and interest		(19,159)	(16,615)
Adjustments for cost of capital charge and interest		277	(180)
Adjustments for non cash costs (Increase)/Decrease in trade and other receivables	22	2,278	1,658
Increase/(Decrease) in trade and other payables		(31)	(6)
Use of provisions		(71)	(132)
		<u>(1,732)</u>	<u>(1,481)</u>
		721	(141)
Net cash outflow from operating activities		(18,438)	(16,756)
Cash flows from investing activities			
Purchase of property, plant and equipment		(829)	(466)
Purchase of intangible assets	14	(115)	(45)
Proceeds from disposal of property, plant and equipment		4	1
Loans to employees for car loans		(22)	(23)
Repayments of Loans		15	19
		<u>15</u>	<u>19</u>
Net cash outflow from investing activities		(947)	(514)
Cash flows from financing activities			
Grants from NIO		19,239	17,125
Net financing		(146)	(145)
Net increase/(decrease) in cash and cash equivalents in the period		(146)	(145)
Cash and cash equivalents at the beginning of this period		183	328
Cash and cash equivalents at the end of this period		37	183

The notes on pages 41 to 68 form part of the accounts

PROBATION BOARD FOR NORTHERN IRELAND
STATEMENT OF CHANGES IN TAXPAYERS EQUITY
FOR THE YEAR ENDED 31 MARCH 2010

	General Fund	Revaluation Reserve	Donated Asset Reserve	Government Grant Reserve	Total Reserves
	£000	£000	£000	£000	£000
Balance at 31 March 2008	1,647	2,350	53	2	4,052
Changes in accounting policy	(229)	-	-	-	(229)
Restated balance at 1 April 2008	1,418	2,350	53	2	3,823
Changes in taxpayers' equity for 2008-09					
Net gain/(loss) on revaluation of property, plant and equipment	-	(228)	-	-	(228)
Net gain/(loss) on revaluation of intangible assets	-	-	-	-	-
Actuarial Gain/(Loss)	(9,098)	-	-	-	(9,098)
Release of reserves to the net expenditure account	82	(82)	-	-	-
Non-cash charges – cost of capital	(23)	-	-	-	(23)
Changes in accounting policy	(51)	-	-	-	(51)
Transfer between reserves	2	-	-	(2)	-
Retained surplus/(deficit)	(16,564)	-	-	-	(16,564)
Total recognised income and expense for 2008-09	(25,652)	(310)	-	(2)	(25,964)
Grant from parent department	17,125	-	-	-	17,125
Balance at 31 March 2009	(7,109)	2,040	53	-	(5,016)

	General Fund	Revaluation Reserve	Donated Asset Reserve	Government Grant Reserve	Total Reserves
	£000	£000	£000	£000	£000
Changes in taxpayers' equity for 2009-10					
Net gain/(loss) on revaluation of property, plant and equipment	-	(137)	-	-	(137)
Net gain/(loss) on revaluation of intangible assets	-	-	-	-	-
Actuarial Gain/(Loss)	(16,556)	-	-	-	(16,556)
Release of reserves to the net expenditure account	406	(406)	-	-	-
Non-cash charges – cost of capital	(476)	-	-	-	(476)
Transfer between reserves	-	-	-	-	-
Retained surplus/(deficit)	(19,159)	-	-	-	(19,159)
Total recognised income and expense for 2009-10	(35,785)	(543)	-	-	(36,328)
Grant from parent department	19,239	-	-	-	19,239
Balance at 31 March 2010	(23,655)	1,497	53	-	(22,105)

The notes on pages 41 to 68 form part of these accounts

NOTES TO THE ACCOUNTS

1 STATEMENT OF ACCOUNTING POLICIES

The Annual Report and Accounts have been prepared in accordance with the 2009/10 Financial Reporting Manual (FReM) issued by the Treasury. The accounting policies contained in the FReM follow International Financial Reporting Standards for companies (IFRS) to the extent that it is meaningful and appropriate to the public sector. These accounts have been prepared to show the effect of the first-time adoption of IFRS.

1.1 Accounting Convention

The financial statements are prepared under the historical cost convention modified to accounts for the revaluation of property, plant and equipment and intangible assets. The accounts are stated in sterling, which is the Probation Board's functional and presentational currency. Unless otherwise noted, the amounts shown in these financial statements are in thousands of pounds sterling (£000).

The accounts are issued in accordance with the accounts direction issued by the Northern Ireland Office in July 2000 for year ended 31 March 2000 and in respect of all future financial years.

Without limiting the information given, the accounts meet:

- the accounting and disclosure requirements of the Companies Act 2006;
- the accounting standards issued or adopted by the Accounting Standards Board; and
- the accounting and disclosure requirements issued by HM Treasury with particular regard to the Financial Reporting Manual (FReM) in so far as those requirements are appropriate.

1.2 Advances to Probation Offices

All advances to offices are also treated as receivables balances in the statement of financial position.

1.3 Northern Ireland Office Grant

Grant income in respect of revenue and capital expenditure is credited to the General Fund in accordance with guidance contained in the Financial Reporting Manual.

1.4 Value Added Tax

The Probation Board is not registered for Value Added Tax. All transactions are therefore stated gross of VAT.

1.5 Income

Income represents services provided to the Probation Board's customers both in the public and private sectors as invoiced or transfer from government grant reserve or donated asset reserve.

1.6 Non-Current Assets – Tangible and Intangible

The thresholds for non-current assets adopted by Probation Board are given below.

CATEGORY	METHOD OF RECORDING	THRESHOLD	ESTIMATED USEFUL LIVES
Land	Individual	£ Nil	Freehold – Infinite Leasehold – Length of Lease
Buildings	Individual	£ Nil	Freehold – 20 to 100 years Leasehold – Length of Lease
Motor Vehicles	Individual	£1,000	5 years
Fixtures and fittings	Pooled	£1,000	10 years
Plant and equipment	Pooled	£1,000	5 years
Computer hardware	Pooled	£1,000	5 years
Computer software & licences(Intangible)	Individual	£5,000	7 years

The threshold levels will be reviewed regularly and revised to reflect the effect of inflation on asset values.

1.6.1 Measurement and Valuation

Tangible and Intangible non-current assets should be valued at the lower of replacement cost and recoverable amount. Recoverable amount is defined as the higher of net realisable value and value in use.

The estimated useful lives of assets are reviewed regularly and when necessary revised. Land and assets in the course of construction are not depreciated. Depreciation is provided on a straight line basis in order to write off the valuation of all other non-current assets over their estimated useful lives. A full year's depreciation is charged in the year of acquisition of assets, but no depreciation is charged in the year of disposal of the assets.

The Probation Board has capitalised its non property assets at depreciated replacement cost. Donated assets have been capitalised at current value on receipt.

All non current assets with the exception of land and buildings, assets under construction and computer licence are revalued by reference to appropriate Office for National Statistics indices. Revaluations are recognised on an asset-by-asset basis with no account taken of potential profit or loss on other non-current assets. A desk-based valuation of land and buildings is completed annually by Land and Property Services with a full professional valuation every 5 years. A full professional valuation was carried out as at 29 February 2008 and the next professional valuation will be carried out at 28 February 2013.

1.6.2 Intangible Assets – Software and Software Licences

Software and software licences are not revalued and are recorded at historic cost (See note 14). Identifiable intangible assets are recognised when the Probation Board controls the asset, it is probable that future economic benefits attributable to the asset will flow to the Board and the cost of the assets can be reliably measured.

1.7 Leases

All leases for land and buildings occupied by the Probation Board are considered to be operating leases. If finance leases were to exist, the assets would be capitalised at the commencement of the lease term at the fair value of the leased asset. The corresponding lease commitments would be shown as finance leases obligations within liabilities. Depreciation on capitalised leased assets would be charged in line with the depreciation policy for similar assets.

The leases in place within the Probation Board are classified as operating leases, where a significant proportion of the risks and rewards are held by the lessor. Rentals are charged to the net expenditure account over the period of the lease.

1.8 Pension Costs

Most staff of the Probation Board are members of the Local Government Pension Scheme (NI). Further details regarding the operation of the pension scheme are contained in the pensions section of notes 4, note 8 and note 19 to the accounts. Disclosures within Note 19 are in line with the requirements of IAS 19.

1.9 Early Departure Costs

The Probation Board is required to provide in full for the cost of paying pensions of employees who retire early from the date of their retirement until the pension is no longer due to the individuals or their spouses.

Payments during the year in respect of these individuals are charged to the provision. Each year the provision is recalculated and restated if necessary with any under or over provision charged or credited to Other Operating Costs. From 2007/08, this is part of the IAS19 actuarial valuation and it is now shown in Note 19 – Pension Commitments.

1.10 Provisions

The Probation Board provides for legal or constructive obligations which are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation.

1.11 Contingent Liabilities

Contingent liabilities are disclosed in accordance with IAS 37.

1.12 Assets classified as held for sale

Non current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met when the asset is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to complete within one year of the classification

1.13 Grants for Community Development

Grants paid to community bodies are part of the ordinary activities of the Probation Board and are charged to Other Expenditure as incurred. Grants are offered and issued in accordance with the Probation Board's grant terms, conditions and finance instructions. Community bodies are required to incur all expenditure by the Probation Board's financial year end. There are no unclaimed grants at year end.

1.14 Insurance

Except where there is a statutory requirement to do so, the Probation Board does not take out general insurance. Instead, expenditure in connection with uninsured risks is charged as incurred.

1.15 Notional Costs

A notional cost reflecting the cost of capital utilised by the Probation Board is included in Other Expenditure. The charge is calculated at the Treasury's standard rate of 3.5% of average net assets excluding donated assets. There are no other notional costs relating to the running of the Probation Board borne by Government Departments or organisations.

1.16 Financial Instruments

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

1.16.1 Financial Assets

Trade and other receivables

Financial assets within trade and other receivables are recognised and retained at invoiced cost which is considered to equate to fair value as the contractual obligations are short term in nature and based on standard invoiced prices. Provisions are made specifically where there is objective evidence of a dispute or inability to pay.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and current balances with banks which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value and have an original maturity of three months or less. Bank overdrafts are included within loans and other borrowings in current liabilities on the statement of financial position.

Impairment of financial assets

The Probation Board assess at each reporting date whether a financial asset or group of financial assets are impaired. Where there is objective evidence that an impairment loss has arisen on assets carried at amortised cost, the carrying amount is reduced with the loss being recognised in the Net Expenditure Account.

1.16.2 Financial Liabilities

Trade and other payables

Financial liabilities within trade and other payables are recognised and retained at invoiced cost which is considered to equate to fair value as all such liabilities are short term in nature.

1.17 Employee Benefits

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

1.18 Critical accounting estimates and key judgements

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Probation Board's accounting policies. We continually evaluate our estimates, assumptions and judgements based on available information and experience. As the use of estimates is inherent in financial reporting, actual results could differ from these estimates. The estimates and assumptions which have the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below:

- (i) **Depreciation of property, plant and equipment**
Depreciation is provided in the accounts so as to write down the respective assets to their residual values over their expected residual lives and as such the selection of the estimated useful lives and the expected residual values of the assets requires the use of estimates and judgements. Details of the estimated useful lives are shown in Note 1.6.
- (ii) **Impairment of property, plant and equipment**
Where there is an indication that the carrying values of items of property, plant and equipment may have been impaired through events or changes in circumstances, a review will be undertaken of the recoverable amount of that asset.
- (iii) **Pension and other post retirement benefits**
The Probation Board accounts for pension and other post retirement benefits in accordance with IAS 19. In determining the pension cost and the defined benefit obligation of the pension scheme, a number of assumptions are used by the Actuary, these include the discount rate, salary growth, price inflation, the expected return on the schemes' investments and mortality rates. Further details are contained in Note 19.
- (iv) **Calculation of employee benefits –** This calculation is based on a 10% sample of the workforce in the Probation Board, across all grades and specialisms. The sample results are then used as a basis for calculating an overall figure for the Probation Board.

1.19 Accounting standards, interpretations and amendments to published standards adopted in the year ended 31 March 2010

The Probation Board has reviewed the standards, interpretations and amendments to published standards that became effective during 2009/10 and which are relevant to its operations. The Probation Board considers that the adoption of these standards has not had a significant impact on its results or financial position.

1.20 Accounting standards, interpretations and amendments to published standards not yet effective

Certain new standards, interpretations and amendments to existing standards have been published that are mandatory for the Probation Board's accounting periods beginning on or after 1 April 2010 or later periods, but which the Probation Board has not adopted early. The Probation Board does not anticipate that the adoption of these standards will have a material impact on the Probation Board's accounts in the period of initial application.

2. FIRST TIME ADOPTION OF IFRS

	General Fund	Revaluation Reserve	Donated Asset Reserve	Government Grant Reserve	Total
	£000	£000	£000	£000	£000
Taxpayers' equity at 31 March 2008 under UK GAAP	1,647	2,350	53	2	4,052
Adjustments for:					
IAS 19 Employee Benefits	(261)	-	-	-	(261)
IAS 37 Intangible Assets	32	-	-	-	32
Taxpayers' equity at 1 April 2008 under IFRS	1,418	2,350	53	2	3,823

	General Fund	Revaluation Reserve	Donated Asset Reserve	Government Grant Reserve	Total
	£000	£000	£000	£000	£000
Taxpayers' equity at 31 March 2009 under UK GAAP	(6,828)	2,040	53	-	(4,735)
Adjustments for:					
IAS 19 Employee Benefits	(306)	-	-	-	(306)
IAS 37 Intangible Assets	25	-	-	-	25
Taxpayers' equity at 1 April 2009 under IFRS	(7,109)	2,040	53	-	(5,016)

	£000
Net Expenditure for 2008-09 under UK GAAP before cost of capital and interest	16,744
Adjustment for IAS 19 Employee Benefits	44
Adjustment for IAS 37 Intangible Assets	7
Net Expenditure for 2008-09 under IFRS before cost of capital and interest	16,795

3. INCOME

	2009/10 £000	2008/09 £000
Income from Activities		
Ratsdam	-	92
Impact Scheme	146	200
Other NIO Income	72	39
Prison Service	1,558	1,398
Secondment	252	344
Miscellaneous	1	50
	2,029	2,123

Ratsdam – No Funding has been provided for this project by the Eastern Health and Social Services Board in the current financial year. The aim of the scheme was to support the drug and alcohol coordination teams in the implementation of the New Strategic Direction on Alcohol and Drugs. The Probation Board worked in partnership with the Northern Ireland Community Addiction Services to deliver this scheme.

Impact Scheme – Funding of £146k has been provided for this project. The aim of the scheme is to address the level of car crime in Greater Belfast with a specific targeted initiative aimed at young people involved in car crime for the Greater West Belfast area.

Other NIO Income – Funding of £72k was provided by the NIO for payments made to hostels for provision of accommodation to high risk offenders and work done by the Probation Board on the provision of a dedicated centre for female offenders.

Prison Service - £1,558k as per Service Level Agreement between the Probation Board and the Prison Service Agency for the provision of social welfare services in prisons and young offenders' centres as set out in the 1982 Order.

Secondment - £252k represents salary and travel income of seconded staff and student placement fees.

Miscellaneous - £1k represents incidental income.

4. STAFF COSTS AND NUMBERS

	2009/10 £000	2008/09 £000 Restated
Board Members' Remuneration and expenses	110	121
Probation Staff	11,615	9,958
Administration Staff	2,244	2,019
SUB TOTAL	13,969	12,098
Inward Secondments	188	217
Agency / Temporary staff and contract staff	439	433
TOTAL	14,596	12,748
Less recoveries in respect of outward secondments	(252)	(344)
TOTAL NET COSTS	14,344	12,404

The staff on outward secondment have been excluded from staff numbers. The 2008/09 figures for probation and administration staff were restated to include employee benefits (as required under IAS19); the figure amounted to £44k in that year.

The average number of staff employed by the Probation Board during 2009/10 together with details of staff costs were as follows: -

	Numbers	Gross Emols	Employers Nat. Ins.	NILGOSC/Superann Non cash	Total Costs
		£000	£000	£000	£000
Probation Staff					
Probation Management	15	846	80	117	1,043
Probation Staff	262	8,941	600	1,031	10,572
Agency / Temporary staff and contract staff	1	82	-	-	82
Inward Secondments/Staff on Loan	2	66	-	-	66
Administrative Staff					
Management	1	49	4	9	62
Administrative	98	1,721	109	352	2,182
Agency / Temporary staff and contract staff	16	357	-	-	357
Inward secondments / Staff on loan	3	122	-	-	122
Totals	398	12,184	793	1,509	14,486
Board Costs Totals					110
Grand Total Costs					14,596

Pensions

The Probation Board is an Employing Authority within the scheme provided by the Local Government Pension Scheme (NI).

Membership of the scheme is optional for employees, but in practice almost all staff opt into this pension provision arrangement.

Staff employed under National Negotiating Council based conditions (that is probation grades) contribute a % of remuneration, dependant on the level of that remuneration. The bandings for 2009/10 were as follows:

Contribution Rate

Band Range	Contribution Rate
£0-£12,600	5.5%
£12,601 - £14,700	5.8%
£14,701 - £18,900	5.9%
£18,901 - £31,500	6.5%
£31,501 - £42,000	6.8%
£42,001 - £78,700	7.2%
More than £78,700	7.5%

The employer's contribution is determined by the Committee's Actuary every 3 years and for 2009/10 year was 16% of remuneration.

Staff employed under the conditions based on those of the NICS (Administrative Staff) contributed 1.5% and the Probation Board's contribution was 20.5%.

Pension benefits are provided through the Local Government Pension Scheme (NI). This is a committee based scheme open to all permanent and temporary staff aged between 16 and 65 and provides benefits on final salary basis. Any membership built up to 31 March 2009 will provide an annual pension based on 1/80th of the final year's pensionable pay and an automatic tax-free lump sum of three times the pension. Any membership built up after 31 March 2009 will provide an annual pension based on 1/60th of the final year's pay. There is still the option to convert annual pension to lump sum subject to HMRC limits.

Pensions increase in payment in line with the Retail Prices Index. On death, pensions are payable to the surviving spouse for a short-term period of 3 months payable at the rate of the member's pensionable remuneration at the date of death. Provided that the deceased member had statutory pension entitlement this is followed by a long-term pension which is payable for life. The calculation is 50% of the deceased's benefits had they taken early retirement. On death in service the scheme pays a lump sum benefit of twice pensionable pay and also provides a service enhancement on computing the spouse's pension.

The Local Government Pension Scheme (NI) is a multi employer defined benefit scheme. The Probation Board's contributions are affected by a surplus or deficit in the scheme. The most recent full actuarial valuation was completed as at 31 March 2007. The employer's rate for year commencing 1 April 2009 has been increased to 16%. An employer contribution rate of 17 % has been proposed for year commencing 1 April 2010.

Medical retirement is possible in the event of serious ill-health. In this case pensions are brought into payment immediately without actuarial reduction and with service enhanced as for widow(er) pensions.

5. GRANTS FOR COMMUNITY DEVELOPMENT

Grants in respect of schemes for the supervision and assistance of offenders and the prevention of crime:-

	2009/10 £000	2008/09 £000
Grants over £100,000		
Northern Ireland Association for the Care & Resettlement of Offenders	387	353
Extern Organisation	191	245
Grants £50,001 - £100,000		
West Belfast Parent Youth Support Group – Roghanna	82	80
Women's Aid Federation	71	60
Grants £25,001 - £50,000		
Breakthru Drugs Awareness	50	50
R.E.A.C.T	34	35
Community Restorative Justice Ireland	40	-
N I Alternatives	30	-
N I Community Addiction Service	34	-
Grants up to £25,000	<u>339</u>	<u>349</u>
	<u>1,258</u>	<u>1,172</u>

Community Restorative Justice Ireland, NI Alternatives and NI Community Addiction Service received grants in 2008/09 of £10,000, £19,402 and £14,000 respectively and were included in the category of grants up to £25,000.

6. COMMUNITY SERVICE AND OTHER SCHEMES

	2009/10 £000	2008/09 £000
Community Service and Other Schemes		
Community Service	99	100
Befriending (includes interpretation costs, client travel and costs of transporting clients from prisons to court)	159	104
Schemes for the supervision and assistance of Offenders and the prevention of crime	29	47
	<u>287</u>	<u>251</u>

7. OTHER OPERATING COSTS

	2009/10 £000	2008/09 £000 Restated
Other operating costs include:		
Travel and Subsistence	494	442
Rent, rates, maintenance of buildings, electricity and fuel	1,374	1,526
Telephones, postage, stationery, office equipment and supplies	1,034	970
Training courses, conferences, library costs	200	208
Service Costs	177	180
Professional fees related to buildings	107	68
Audit Fee	16	16
Early Departure Costs	-	5
District Valuer's Fees and Legal Fees	25	20
Subscriptions	11	14
Consultancy	164	280
Vehicle	10	14
Loss on Disposal of Non-current Assets (Diminution Reversal)/Permanent Diminution in Value of Non-current Assets	5 (19)	10 25
Catering	153	124
Recruitment Expenses	109	135
Bad debt provision	15	-
Miscellaneous	112	68
	<u>3,987</u>	<u>4,105</u>

8. FINANCE COSTS

NILGOSC Pension Liability	2009/10 £000	2008/09 £000
Expected return on pension scheme assets	2,279	3,255
Interest on pension scheme liabilities	(3,034)	(3,100)
Net (Cost)/Return	<u>(755)</u>	<u>155</u>

9. NOTIONAL COST OF CAPITAL

	2009/10 £000	2008/09 £000
Interest on Capital Employed	476	23

The Net Expenditure Account bears a non-cash charge for interest relating to the use of capital by the Probation Board calculated at the Treasury Discount rate of 3.5% of the average net assets excluding donated assets. Over the years 2008/09 and 2009/10 there are average net liabilities; therefore the capital cost is a credit.

10. COMMITMENTS UNDER OPERATING LEASES

Total future minimum lease payments under operating leases are analysed for each of the following periods.

Operating Leases	Land and Buildings	Other	2009/10 Total	2008/09 Total
	£000	£000	£000	£000
				Restated
Within one year	486	41	527	582
Between two and five years	1,432	34	1,466	1,302
After 5 years	252	-	252	381
Total	<u>2,170</u>	<u>75</u>	<u>2,245</u>	<u>2,265</u>

11. LOAN INTEREST RECEIVABLE

	2009/10 £000	2008/09 £000
Interest Receivable	2	2

This represents the interest receivable during the year on loans issued to essential car users from the Assisted Car Purchase Scheme. At 31 March 2010, 12 officers had outstanding loans.

12. PROPERTY, PLANT AND EQUIPMENT

Land and Property Services carried out a valuation of land and buildings at 28 February 2010. There was no significant change in this valuation during March 2010. A full professional valuation was carried out at 29 February 2008 and the next one will be carried out at 28 February 2013. The valuations have been made in accordance with the Appraisal and Valuation Manual prepared and published by the Royal Institution of Chartered Surveyors on the basis of Existing Use Value or Open Market Value as appropriate.

The market value of land and buildings is £ 3,019k and this is also the existing use value. £325k has been transferred to current assets as "Assets classified as held for re-sale" as the property is on the open market. The corresponding historic net book value is £ 1,463k. Included within land and buildings is land valued at £1,125k, which is non-depreciable.

12. PROPERTY, PLANT AND EQUIPMENT (Continued)

Cost/Valuation	Land (Freehold) £000	Buildings (Freehold) £000	Expenditure on Leasehold Premises (Short Lease) £000	Machinery and office Equipment £000	Computers (Restated) £000	Furniture and fixtures £000	Motor Vehicles £000	Assets Under Construction (AUC) £000	Total £000
Restated at 1 April 2009	1,390	1,943	2,243	332	854	604	40	-	7,406
Additions	-	-	590	73	137	114	-	-	914
Completed AUC	-	-	-	-	-	-	-	-	-
Disposals	(190)	(310)	(2)	(36)	(58)	(22)	-	-	(618)
Revaluation	-	-	54	-	113	4	-	-	171
Diminution	(75)	(15)	-	(1)	19	-	-	-	(72)
At 31 March 2010	1,125	1,618	2,885	368	1,065	700	40	-	7,801

12. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Land (Freehold)	Buildings (Freehold)	Expenditure on Leasehold Premises (Short Lease)	Machinery and office Equipment	Computers (Restated)	Furniture and fixtures	Motor Vehicles	Assets Under Construction (AUC)	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Accumulated Depreciation									
Restated at 1 April 2009	-	456	1,808	249	573	339	40	-	3,465
Provision for Year	-	56 (50)	315 (2)	46 (35)	149 (55)	57 (17)	-	-	623 (159)
Disposals	-	-	-	-	66	1	-	-	93
Backlog Depreciation	-	462	2,147	260	733	380	40	-	4,022
At 31 March 2010	-	462	2,147	260	733	380	40	-	4,022
Net Book Value									
At 31 March 2010	1,125	1,156	738	108	332	320	-	-	3,779
Restated Net Book Value At 31 March 2009	1,390	1,487	435	83	281	265	-	-	3,941

2008-09 Note Restated	Land (Freehold)	Buildings (Freehold)	Expenditure on Leasehold Premises (Short Lease)	Machinery and office Equipment	Computers (Restated)	Furniture and fixtures	Motor Vehicles	Assets Under Construction (AUC)	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost/Valuation									
Restated at 1 April 2008	1,535	2,055	2,166	290	629	546	40	66	7,327
Additions	-	-	43	46	318	69	-	-	476
Completed AUC	-	-	-	-	38	-	-	(66)	(28)
Disposals	-	-	(4)	(12)	(41)	(20)	-	-	(77)
Revaluation	(145)	(112)	38	8	-	9	-	-	(202)
Permanent Diminution in Value	-	-	-	-	(26)	-	-	-	(26)
At 31 March 2009	1,390	1,943	2,243	332	918	604	40	-	7,470
IFRS adoption	-	-	-	-	(64)	-	-	-	(64)
Restated balance at 31 March 2009	1,390	1,943	2,243	332	854	604	40	-	7,406

2008-09 Note Restated	Land (Freehold)	Buildings (Freehold)	Expenditure on Leasehold Premises (Short Lease)	Machinery and office Equipment	Computers (Restated)	Furniture and fixtures	Motor Vehicles	Assets Under Construction (AUC)	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Accumulated Depreciation									
Restated at 1 April 2008	-	393	1,564	218	399	302	40	-	2,916
Provision for Year	-	63	227	39	228	49	-	-	606
Disposals	-	-	(2)	(11)	(39)	(16)	-	-	(68)
Backlog	-	-	19	3	-	4	-	-	26
Permanent Diminution in Value	-	-	-	-	(8)	-	-	-	(8)
At 31 March 2009	-	456	1,808	249	580	339	40	-	3,472
IFRS adoption	-	-	-	-	(7)	-	-	-	(7)
Restated balance at 31 March 2009	-	456	1,808	249	573	339	40	-	3,465
Net Book Value									
At 31 March 2009	1,390	1,487	435	83	281	265	-	-	3,941
Net Book Value									
At 31 March 2008	1,535	1,662	602	72	230	244	-	66	4,411

13. PROPERTY, PLANT AND EQUIPMENT DONATED ASSETS

	Computers £000	AUC £000	Total £000
Cost/Valuation			
At 1 April 2009	74	53	127
Additions	-	-	-
Disposals	(33)	-	(33)
Revaluation	-	-	-
At 31 March 2010	41	53	94
Accumulated Depreciation			
At 1 April 2009	74	-	74
Provision for year	-	-	-
Disposals	(33)	-	(33)
Backlog Depreciation	-	-	-
At 31 March 2010	41	-	41
Net Book Value			
At 31 March 2010	-	53	53
At 31 March 2009	-	53	53

2008-09 Note Restated	Computers £000	AUC £000	Total £000
Cost/Valuation			
At 1 April 2008	75	53	128
Additions	-	-	-
Disposals	(1)	-	(1)
Permanent Diminution in Value	-	-	-
At 31 March 2009	<u>74</u>	<u>53</u>	<u>127</u>
Accumulated Depreciation			
At 1 April 2008	75	-	75
Provision for year	-	-	-
Disposals	(1)	-	(1)
Permanent Diminution in Value	-	-	-
At 31 March 2009	<u>74</u>	<u>-</u>	<u>74</u>
Net Book Value			
At 31 March 2009	<u>-</u>	<u>53</u>	<u>53</u>
At 31 March 2008	<u>-</u>	<u>53</u>	<u>53</u>

14. INTANGIBLE ASSETS

	Software & Software Licences £000 Restated
Cost/Valuation	
Restated At 1 April 2009	638
Additions	115
Completed AUC	-
Disposals	-
At 31 March 2010	<hr/> 753
Amortisation	
Restated At 1 April 2009	350
Provision for Year	160
Disposals	-
At 31 March 2010	<hr/> 510
Net Book Value	
At 31 March 2010	<hr/> 243
Restated At 31 March 2009	<hr/> 288 <hr/>

2008-09 Note Restated

**Software &
Software
Licences
£000
Restated**

Cost/Valuation

Restated At 1 April 2008	491
Additions	45
Completed AUC	28
Disposals	-
At 31 March 2009	<u>564</u>
IFRS adoption	74
Restated At 31 March 2009	<u>638</u>
Amortisation	
Restated At 1 April 2008	290
Provision for Year	36
Disposals	-
At 31 March 2009	<u>326</u>
IFRS adoption	24
Restated At 31 March 2009	<u>350</u>
Net Book Value	
At 31 March 2009	<u>288</u>
At 31 March 2008	<u>201</u>

15. ASSETS HELD FOR RE-SALE

	2010 £000	2009 £000	2008 £000
Assets held for re-sale	325	-	-

The asset held for re-sale is property owned by the Probation Board in Ballycastle which is no longer in operational use and is for sale on the open market. At 31st March 2010 it was valued at £325k (£450k at 31 March 2009). This is shown separately under the requirements of IFRS 5.

16. TRADE AND OTHER RECEIVABLES

	2010	2009	2008
	£000	£000	£000
Amounts falling due within one year			
Prepayments	304	238	235
Assisted Car Purchase Scheme	14	12	12
Interreg Debtor	15	30	30
Office Imprests	23	15	13
Other Debtors	101	129	127
	<hr/>	<hr/>	<hr/>
	457	424	417
Amount falling due after one year			
Assisted Car Purchase Scheme	<hr/> 23	<hr/> 17	<hr/> 13
	<hr/> 480	<hr/> 441	<hr/> 430

Trade and other receivables above include Inter-Governmental balances of £39,270 (£77,056 2008/09) with the Youth Justice Agency, £322 (£1,280 2008/09) with Prison Service Agency and £29,359 (£nil 2008/09) with Northern Ireland Office.

17. TRADE AND OTHER PAYABLES

	2010	2009	2008
	£000	£000	£000
		Restated	Restated
Accruals	859	653	621
Deferred Grant and Income	49	243	396
	<hr/>	<hr/>	<hr/>
	908	896	1,017

Trade and other payables above include Inter-Governmental balances of £48,928 (£243,218 2008/09) with Northern Ireland Office.

18. PROVISION FOR LIABILITIES AND CHARGES

	Total 2009/10 £000	Total 2008/09 £000
At 1 April 2009	-	10
Arising During Year	-	-
Utilised During Year	-	(10)
Movement to general fund	-	-
	<hr/>	<hr/>
At 31 March 2010	-	-

The provisions for liabilities and charges represent the best estimate of amounts payable at the reporting date.

19. PENSION COMMITMENTS

The Probation Board makes employer contributions to the Northern Ireland Local Government's Officers Superannuation Scheme (NILGOSC) which is a funded scheme of the defined benefit type.

The latest actuarial valuation of the scheme was carried out at 31 March 2010 and the liability and cost calculations are as follows:

Assumptions

1. Financial Assumptions

	31/3/10	31/03/09	31/03/08	31/03/07
Inflation Increase Rate	3.8%	3.1%	3.6%	3.2%
Salary Increase Rate	5.3%	4.6%	5.1%	4.7%
Pension Increase Rate	3.8%	3.1%	3.6%	3.2%
Discount rate	5.5%	6.9%	6.9%	5.4%

Breakdown of the expected return on assets by category

Assets (Employer)	Long Term return at 31/03/10 % p.a	Long Term return at 31/03/09 % p.a	Long Term return at 31/03/08 % p.a	Long Term return at 31/03/07 % p.a
Equities	7.8%	7.0%	7.7%	7.8%
Bonds	5.0%	5.4%	5.7%	4.9%
Property	5.8%	4.9%	5.7%	5.8%
Cash	4.8%	4.0%	4.8%	4.9%
Total	7.2%	6.5%	7.3%	7.2%

2. Mortality

Life expectancy is based on the PMA92/PFA92 year of birth tables, with improvements in line with the medium cohort and a 1% underpin. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current Pensioners	20.8 years	24.1 years
Future Pensioners	22.3 years	25.7 years

Statement of Financial Position Disclosures at 31 March 2010

1. Fair Value of employer assets

Year Ended:	31 March 2010	31 March 2009	31 March 2008	31 March 2007
	£'000	£'000	£'000	£'000
Equities	38,678	25,186	34,820	33,195
Bonds	7,032	4,830	5,118	6,214
Property	3,014	2,415	3,586	4,531
Cash	1,507	2,070	683	503
Total	50,231	34,501	44,207	44,443

The above assets values as at 31 March 2010 are at bid value as required under IAS19. The bid value has been estimated by applying an adjustment of (0.4%) to the mid market asset share as at 31 March 2010.

2. Statement of Financial Position

Year Ended	31 March 2010	31 March 2009	31 March 2008	31 March 2007
	£'000	£'000	£'000	£'000
Fair Value of Employer Assets	50,231	34,501	44,207	44,443
Present Value of Funded Liabilities	(76,162)	(43,381)	(44,644)	(51,759)
Net (Under)/Overfunding in Funded Plans	(25,931)	(8,880)	(437)	(7,316)
Present Value of Unfunded Liabilities	(183)	(146)	(136)	-
Net Asset/(Liability)	(26,114)	(9,026)	(573)	(7,316)
Amount in the Statement of Financial Position - Liabilities	26,114	9,026	573	7,316
Net Asset/(Liability)	(26,114)	(9,026)	(573)	(7,316)

Net Expenditure Account Costs at 31 March 2010

1. Recognition in the Net Expenditure Account

Year Ended	31 March 2010		31 March 2009		31 March 2008		31 March 2007	
	£'000	% of payroll	£'000	% of payroll	£'000	% of payroll	£'000	% of payroll
Current Service Cost	958	10.9%	976	12.4%	1,418	18.8%	1,208	16.1%
Interest Cost	3,034	34.4%	3,100	39.4%	2,816	37.3%	2,506	33.4%
Expected Return								

on Employer Assets	(2,279)	(25.8%)	(3,255)	(41.4%)	(3,201)	(42.5%)	(2,809)	(37.4%)
Past Service Cost/(Gain)	551	6.2%	-	-	-	-	103	1.4%
Losses/(Gains) on Curtailments and Settlements	-	-	5	0.1%	-	-	-	-
Total	2,264	25.7%	826	10.5%	1,033	13.6%	1,008	13.4%
Actual Return on Plan Assets	14,594		(10,349)		(1,621)		N/A	

2. Reconciliation of defined benefit obligation

Year Ended:	31 March 2010 £'000	31 March 2009 £'000	31 March 2008 £'000
Opening Defined benefit Obligation	43,527	44,780	51,759
Current Service Cost	958	976	1,418
Interest Cost	3,034	3,100	2,816
Contributions by Members	593	482	452
Actuarial Losses/(Gains)	28,870	(4,647)	(10,570)
Past Service Costs/(Gains)	551	-	-
Losses/(Gains) on Curtailments	-	5	-
Estimated Unfunded Benefits Paid	(7)	(8)	(6)
Estimated Benefits Paid	(1,181)	(1,161)	(1,089)
Closing Fair value of Employer Assets	76,345	43,527	44,780

3. Reconciliation of fair value of employer assets

Year Ended:	31 March 2010 £'000	31 March 2009 £'000	31 March 2008 £'000
Opening Fair Value of Employer Assets	34,501	44,207	44,443
Expected Return on Assets	2,279	3,255	3,201
Contributions by Members	593	482	452
Contributions by Employer	1,725	1,463	1,207
Contributions in respect of Unfunded Benefits	7	8	6
Actuarial Gains/(Losses)	12,314	(13,745)	(4,007)
Unfunded Benefits Paid	(7)	(8)	(6)
Benefits Paid	(1,181)	(1,161)	(1,089)
Closing Fair value of Employer Assets	50,231	34,501	44,207

4. Amounts for the current and previous accounting periods

Year Ended:	31 March 2010 £'000	31 March 2009 £'000	31 March 2008 £'000	31 March 2007 £'000	31 March 2006 £'000
Fair Value of Employer Assets	50,231	34,501	44,207	44,443	41,250
Present Value of Defined Benefit Obligation	(76,345)	(43,527)	(44,780)	(51,759)	(41,228)
Surplus/(Deficit)	(26,114)	(9,026)	(573)	(7,316)	22
Experience Gains/(Losses) on Assets	12,314	(13,745)	(4,007)	(431)	6,152

Experience Gains/(Losses) on Liabilities	17	(15)	1,395	(1)	-
Actuarial Gains/(Losses) on Employer Assets	12,314	(13,745)	(4,007)	(431)	6,152
Actuarial Gains/(Losses) on Obligation	(28,870)	4,647	10,570	(6,930)	(5,369)
Actuarial Gains/(Losses) recognised in SOCTE	(16,556)	(9,098)	6,563	(7,361)	783

20. ANALYSIS OF GENERAL FUND

	2009/10 £000	2008/09 £000 Restated
General Fund including pension	(23,655)	(7,109)
Add back Pension Fund	26,114	9,026
General Fund excluding pension	<u>2,459</u>	<u>1,917</u>

21. RECONCILIATION OF NON-CURRENT ASSET ADDITIONS

	2009/10 £000	2008/09 £000
Non-current Asset Additions (Notes 12,13 & 14)	1,029	522
Opening Non-current Asset Payables	29	18
Closing Non-current Asset Payables	(114)	(29)
Cash Outflow in respect of Capital Expenditure	<u>944</u>	<u>511</u>

22. CASH FLOW ADJUSTMENTS FOR NON - CASH ITEMS

	2010 £000	2009 £000
Depreciation and Amortisation Charge	783	642
Non cash Pension Costs	1,509	981
Permanent Diminution in value of Non Current Assets	(19)	18
Loss on Disposal of Non Current Assets	5	10
IFRS change in accounting policy	-	7
	<u>2,278</u>	<u>1,658</u>

23. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2010		2009	
	£000	£000	£000	£000
(Decrease)/Increase in cash in the period	(146)		(145)	
Debt (Paid)	16		6	
Change in debt		(130)		(139)
Net funds b/f at 1 April		257		396
Net funds c/f at 31 March (Note 24)		127		257

24. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 April 2008 £000	Cash Flows £000	At 1 April 2009 £000	Cash Flows £000	At 31 March 2010 £000
Cash and cash equivalents	328	(145)	183	(146)	37
Debt Receivable within one year	55	2	57	10	67
Debt Receivable after one year	13	4	17	6	23
Total	396	(139)	257	(130)	127

25. CONTINGENT LIABILITIES

Three individuals have instigated High Court action against the Probation Board but there is no indication of the outcome of these cases. A number of employees and members of the public (5 in total) have indicated that proceedings may be instigated relating to physical injuries received while on Probation Board premises, however none have done so to date.

26. RELATED PARTY TRANSACTIONS

The Probation Board is a Non Departmental Public Body sponsored by the Northern Ireland Office.

The Northern Ireland Office was regarded as a related party. During the year the Probation Board had various transactions with the Department and other entities for which the Northern Ireland Office was regarded as the parent Department, ie NI Prison Service as disclosed in Note 3.

To capture information on related party transactions, the Probation Board has circularised members and senior management. Due to the nature of the Probation Board's operations and the composition of the Board, it is inevitable that transactions will take place with organisations in which a member of the Board or senior manager may have an interest. All such transactions are conducted at arm's length and in accordance with the Probation Board's policies.

The following Related Party Transactions were incurred during the year:

The senior managers and Board members listed below were not involved in the decision making processes for the transactions listed.

- The wife of Mr T Flanagan, a member of the Board until 30th November 2009, was a Volunteer Mentor for the Northern Ireland Association for the Care & Resettlement of Offenders (NIACRO), which received £387,000 in grant from the Probation Board.
- Ms K Yiasouma, a member of the Board until 30th November 2009, is on the Board of NI Alternatives which received £30,000 in grant from the Probation Board.
- Dr Robin Wilson, a member of the Board from 1st December 2009, is on the Board of Extern which received £191,279 in grant from the Probation Board.

27. KEY FINANCIAL TARGETS

There were no key financial targets for the Probation Board.

28. FINANCIAL INSTRUMENTS: DISCLOSURES

IFRS7, Financial Instruments: Disclosures, requires disclosure of the role which financial instruments have had during the year in creating or changing the risks an entity faces in undertaking its activities. Due to the non-trading nature of its activities and the way in which executive Non Departmental Public Bodies are financed, the Probation Board is not exposed to the degree of financial risk faced by business entities. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which IFRS7 mainly applies. The Probation Board has no powers to invest funds and has limited year end flexibility. Financial assets and liabilities are generated by day to day operational activities and are not held to change the risks facing the Office in undertaking its activities.

As permitted by IFRS7, receivables and payables which mature or become payable within 12 months from the statement of financial position date have been excluded from this disclosure.

Liquidity Risk

The Probation Board's revenue resource requirements are financed by resources voted annually by Parliament, just as its capital expenditure largely is. The Probation Board is not therefore exposed to significant liquidity risk.

Interest Rate Risk

The Board has no loans on which interest is payable and is therefore not exposed to any significant interest rate risk.

Foreign Currency Risk

The Probation Board has no foreign currency income and expenditure is restricted to secondee payments and some other operating costs. It is not therefore exposed to significant foreign currency risk.

Fair Values

The book values and fair values of the Probation Board's financial assets and financial liabilities as at 31 March 2010 are set out below:

Primary Financial Instruments	Book Value £000	Fair Value £000
Financial assets:		
Cash and cash equivalents	37	183
Receivables amount due after one year	23	17
Financial liabilities:		
None	N/A	N/A

29. LOSSES STATEMENT

	2009/10	2008/09
Total Losses	(4 cases) £11k	(11 cases) £2k

30. EVENTS AFTER THE REPORTING PERIOD

The Annual Report and Accounts were authorised to be issued by the Board on the same date that the Accounts were certified by the Comptroller and Auditor General. On 12 April 2010, policing and justice functions in Northern Ireland were devolved to the Northern Ireland Assembly and the Department of Justice came into existence as a new Northern Ireland Department. From this date, the lead policy responsibility for the Probation Board transferred from the Northern Ireland Office to the Department of Justice.

The 2009-10 financial statements have been prepared on the basis that the Probation Board was an NDPB of the Northern Ireland Office for the entire financial year and these will be laid in Parliament. There is no impact on the 2009-10 financial statements arising from the transfer of functions to the Northern Ireland Assembly on 12 April 2010. There are no other material events after the reporting period.

HOW TO CONTACT US

Headquarters

80/90 North Street, Belfast, BT1 1LD

Telephone

028 9026 2400

E: info@pbni.gsi.gov.uk

PBNI Offices

Antrim

028 9442 8475

Armagh

028 3752 5243

Ballymena

028 2565 2549

Belfast

Assessment Unit, HQ

028 9026 2400

Inspire Project, North Street

028 9026 2515

ISU, Alderwood

028 9064 4953

ISU, Great Patrick Street

028 9029 6010

Programme Delivery Unit

028 9033 3332

Public Protection Team

028 9025 9576

Priority Youth Offending Team

028 9082 0800

Victim Information Scheme

028 9032 1972

North - Antrim Road

028 9075 7631

East - Newtownards Road

028 9073 9445

South - Ormeau Road

028 9064 7156

West - Andersonstown Road

028 9060 2988

Coleraine

028 7035 3141

Dungannon

028 8772 2866

Enniskillen

028 6632 4383

Larne

028 2827 9231

Lisburn

028 9267 4211

Londonderry

Crawford Square

028 7126 4774

Limavady Road

028 7134 6701

Magherafelt

028 7963 3341

Newry

028 3026 3955

Newtownards

028 9181 7778

Omagh

028 8224 6051

Portadown

028 3833 3301

Prison Teams

H M P Maghaberry

028 9261 2665

H M P Magilligan

028 7775 0434

H M YOC & P Hydebank

028 9049 4100

Reporting Centres

Belfast - North Howard Street

Cookstown

Downpatrick

Glengormley

Limavady

Lurgan

Strabane

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Compliance Officer
Probation Board for Northern Ireland
Compliance Unit
3rd Floor
80-90 North Street
Belfast
BT1 1LD

Telephone: 028 9026 2400
Fax No: 028 9026 2436
Textphone: 028 9026 2490
E-mail: info@pbni.gsi.gov.uk
Website: www.pbni.org.uk

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80-90 North Street
Belfast BT1 1LD

T: 028 9026 2400

F: 028 9026 2470

E: info@pbni.gsi.gov.uk

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