



Annual Report and Accounts 2007 - 2008

Forensic Science Northern Ireland

Thirteenth Annual Report and Accounts

1st April 2007 – 31st March 2008

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Chief Executive's Summary

I am pleased to present the thirteenth Annual Report and Accounts of Forensic Science Northern Ireland, (FSNI) for the year ending 31 March 2008.

FSNI's purpose is to provide professional, independent and objective scientific expertise in support of Justice. Behind that short sentence lies substantial complexity. Science itself is an increasingly broad and complex area; forensic science even more so because of the exacting legal environment in which it operates, the stringent quality standards rightly expected of it, and the rapidly changing operational pressures and priorities under which it works from day to day.

Coupled with those factors, are the needs of our key paying customers – the PSNI, Police Ombudsman (PONI), the State Pathologist's Department (SPD) and our stakeholders – the Public Prosecution Service (PPS), Defence Solicitors, the Northern Ireland Courts Service (NICtS), the Judiciary and the rest of the Criminal Justice System (CJS), as well as the public representation and the Media. The newly created post of Forensic Science Regulator – whose remit, by agreement, covers Northern Ireland - will itself drive further change across the forensic science landscape. This increasing complexity of the environment in which FSNI operates requires enhanced proactivity and responsiveness, which in turn means well-managed change.

During 2007/08, we have progressed the programme of change that was begun towards the end of the previous year. The first objective was to strengthen corporate governance. The Executive Board, established in November 2006, has been populated with a permanent team of Executive Directors, Non-Executive Directors and a Corporate Secretary, and has been vigorously and professionally addressing the many issues that rapid change inevitably brings. It has been supported in doing this by the second – operational – tier, the Management Committee. Both bodies and the entire staff at the Agency have been involved this year in redefining our performance measures and targets, using the Balanced Scorecard tool.



The second prime objective for the year – to maintain our Quality Accreditation under UKAS - has been achieved and indeed our scope of accreditation, already one of Europe's widest, has been extended.

Those who are not directly familiar with the role of quality management in a forensic science environment may not fully realise the level of exacting attention to detail and resource that this requires or its centrality to all we do.

We have also been working hard to strengthen the strategic relationship with our key customers and to progress the plans for new accommodation. Significant progress has been made on both fronts. The creation of a competitive market for forensic science services in England and Wales means that FSNI must engage in a business-like manner with its main paying customer, the PSNI, so that they will wish to continue to source the bulk of their forensic services from FSNI. In addition to regular strategic and operational meetings at different levels between the two organisations, cooperation has begun to help configure FSNI's product range to the new ACPO guidelines and to negotiate SLAs and charging structures which reflect the PSNI need for demonstrable value for money.

This customer alignment is essential to support the planned investment in new accommodation for the Agency, for which a great deal of work has been done during the year by a broad range of FSNI staff, management and external consultant engineers and architects. This work has fed into an Outline Business Case for this substantial investment, which, it is hoped, will be approved in the 2008/9 financial year. The accommodation that is envisaged will provide FSNI with one of the finest forensic laboratories in Europe.

The emphasis on both Quality and Customer orientation has resulted in successful bids for resource from the NIO to support a new FSNI Directorate of Business Development as well as a decision by FSNI itself to fund the post of Quality Director. The two relevant directors' posts are now in the process of recruitment, while the Business Development Directorate has begun to take shape during the year, with Product Management, Marketing and Customer Training functions being already filled.



Progress has also been made in the detailed planning of a major investment in the specialist ICT systems needed to develop robust product costings, enhanced file and exhibit tracking, case workflow and customer relationship management, and Management Information Systems, all under the Perseus programme.

The most significant Criminal Justice issue that impacted FSNI during the year was of course the Omagh Bomb Trial. There were questions raised by the trial judge with regard to the scientific validation of Low Copy Number DNA. This method has never been used by FSNI (and was conducted in England by FSS in relation to the Omagh case) but the subject of DNA methodology became central both in Northern Ireland and in GB during the year. The questions raised gave rise to the Caddy Report which reported to the Forensic Regulator at the close of the year and which showed the laboratory science of LCN DNA and similar methods was indeed validated.

The issue of exhibit handling and DNA contamination control were also raised during the Omagh trial. While the operational processes for these have advanced significantly in the intervening decade since the atrocity (both within police crime scene management and at FSNI), the Minister instructed the Agency, immediately following the verdict, to review all its processes in the light of the Omagh trial findings. This review was promptly conducted and a broad plan drawing on the lessons learnt from the investigation and trial has been put in place and a range of actions already initiated. Performance against this plan will itself be independently assessed later in 2008/9 by the Criminal Justice Inspectorate.

As is inevitably the case in such complex and important trials, reports in the media can be somewhat misleading and FSNI as well as Forensic Science itself were on the receiving end to some degree in all this.

Returning to the work of the Agency during the year, we continued to support our other key customers, in addition to the PSNI, i.e. The Police Ombudsman for Northern Ireland and the N.I. State Pathologist. We were also involved, yet again, in supporting the development of forensic services in a number of



other countries and have continued our close involvement, not just with the European Network of Forensic Science Institutes (ENFSI), but also with the Association of Forensic Science Providers of UK and Ireland. With both these organisations, we share in regular exchange of technical best practice and in quality assurance comparative trials.

As Chief Executive of FSNI, I represented Northern Ireland, at the request of the Minister, on the newly formed Forensic Science Advisory Council (FSAC), which supports the role of the Forensic Science Regulator, a post set up under the aegis of the Home Office during this year by the Interim Regulator.

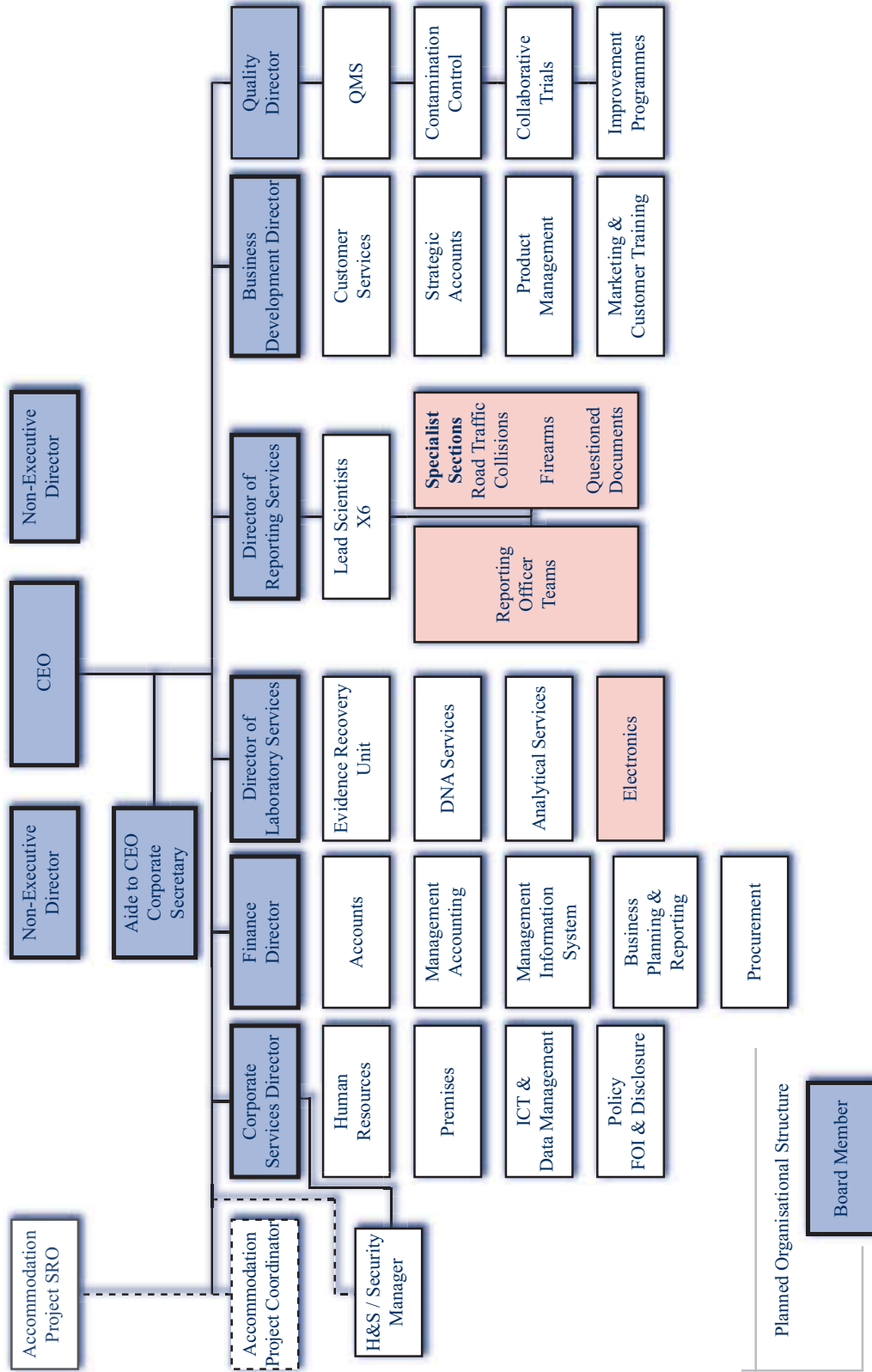
The Agency has also been preparing itself for the devolution of Criminal Justice in Northern Ireland, so that we are ready, whenever the political agreement is reached for that to occur. It is important to us that we are perceived by all sections of the community as an open, independent and highly professional organisation, fulfilling a key role in the delivery of Justice. We are ready and willing to explain our key functions, our processes and our methodologies to all interested stakeholders.

The workload on the Agency's staff has once again been very considerable this year, not only in terms of casework for our key customers, but also in the management of all the issues mentioned above, and more besides. The FSNI staff have continued, as ever, to demonstrate exceptional dedication to their work and their role as objective, independent servants of Justice. I would genuinely like to record here my thanks and that of the FSNI Executive Board for that sustained effort and commitment. Much still remains to be done as we continue the transition to a fully business-like Agency, recognised as a centre of forensic science excellence, satisfying its customers' strategic and tactical needs in what is, even more so than last year, the rapidly changing world of forensic science provision .

Stan Brown
CHIEF EXECUTIVE



Forensic Science Northern Ireland



The above chart represents the structure agreed upon during the year and for the most part implemented. The Directorate of Business Development has been partly put in place and the Director posts of both it and Quality were, at year-end, in the process of recruitment.



Directors' report and Management Commentary

Directors' Report

The directors present their report and the audited financial statements for the year ended 31st March 2008.

Results of the Agency

The accounts show an operating deficit of £1,052k including the costs of the Modernisation Project, the New Accommodation project and the Causeway Project.

Principal Activities and Review of Business Developments

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

Reviews of the Agency's activities and potential future developments are provided in the Chief Executive's summary, and the Management Commentary.

History and Statutory Background

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



These accounts have been prepared in accordance with the 2007/08 Government Financial Reporting Manual (FReM) issued by HM Treasury and in accordance with direction given by Treasury in pursuance of section 7(2) of the Government Resources and Accounts Act 2000.

Post Balance Sheet Events

There have been no material events, which would affect these accounts, occurring after the year end. The date of authorisation for issue is the 4 July 2008.

Research and Development

The Agency constantly reviews and develops its scientific methodologies through internal work within the specialist sections, by sharing of best practice and development with sister organisations across UK and Europe and in collaboration with Universities. The creation of a Business Development Directorate within the Agency, which includes both Product Management and Marketing functions, will enhance focus on this area and in particular will assist in bringing scientific advances through a structured process to the stage of full application validation and customer awareness/training. The Agency has continued to collaborate with Queen's University Belfast in the development of new technologies in the examination of trace evidence, including spectroscopic analysis of drug residues. FSNI also contributes to a new Chemistry degree course, which will have forensic analytical modules. The goal is to enhance the skills of the graduates to meet the demands of the forensic science and the pharmacological industry.

Equal Opportunities

The Agency is pro-active in compliance with fair employment, sex discrimination, equal pay, disability discrimination and race discrimination legislation in Northern Ireland.

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



Disability

The Agency follows the NI Civil Service policy that all eligible persons shall have equal opportunity for employment and advancement on the basis of the ability, qualifications and aptitude for the work.

Employee Consultation

The Agency encourages the widest possible communication, consultation and staff involvement in its business development. This is defined within the terms of an Agency Communication Charter which identifies, for the individual and for the organisation, the communication standards that are expected to apply. The Executive Board and Management Committee comprise of representatives from across all disciplines, directorates and sections within FSNI. Both groups were involved in developing and agreeing FSNI's mission, vision and values, corporate goal and corporate objectives for 2008- 2011.

From May 2006 the Agency has been accredited to the new higher standard Investors In People award. This new standard places a renewed emphasis on accountability and management practice. The Agency was the first in the public sector to achieve the new higher standard.

Formal and informal consultation also exists with Trade Union representatives.

Health and Safety

The Agency sees a safe working environment as encompassing both the physical and mental well-being of its staff. The Agency strives for continuous improvement in safety performance through reviews of safe working practices and increased safety awareness of all staff.



As reported in previous Annual Reports, the main complex within which the Agency is housed is known to contain some asbestos. This continues to limit the Agency's ability to handle premises issues in an efficient and speedy way.

Agency Directors & Management Team

A new Chief Executive was appointed to FSNI and took up the position at the end of October 2006. The year of this report is therefore his first full year in office. He introduced a new Executive Board on 23 November 2006 to replace the previous arrangements.

Up until that point the Agency Directors and Management Team were responsible for the strategic and business management of the Agency's operations.

The contracts for the previous Interim Commercial Director and Interim Human Resource and Corporate Services Director expired on 31 December 2006. During 2007/08, Executive Board level posts were being filled by FSNI staff, some in acting capacity. During the year, permanent Finance and Corporate Services Directors were recruited. The Operations Director role was reviewed in the light of previous organisational structural analysis and, as a consequence, was effectively split into two. A Director of Reporting Services and Director of Laboratory Services were thus appointed from inside the Agency, thereby ensuring an increased representation of scientific expertise on the Board. In addition to the above, a further Non Executive Director was appointed.

The Executive Board

Chief Executive	Director of Laboratory Services
Finance Director	New Accommodation Co-ordinator
Corporate Services Director	2 Non Executive Directors
Director of Reporting Services	Corporate Secretary



During 2008/09, a Director of Quality and a Business Development Director will also be recruited. The Director of Quality will focus on the delivery of quality products and continual development of the Quality Management System (QMS). The Business Development Director will take responsibility for developing revenues from new and existing customers, as well as managing Customer Services, Marketing, Customer Training, R&D and Product Management.

Staff

In 2007/08 the total number of staff employed by the Agency was 186. This was comprised of 121 scientists, 56 administrative and support staff and 9 recruitment agency, contract or temporary staff. This has shown an increase in the number of scientists employed versus the previous year and a significant reduction on the dependency on recruitment agency, contract or temporary staff versus the previous year.

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

Charitable Donations

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

Payments to Suppliers

The Agency endeavours to pay all suppliers promptly within agreed timescales, and is a signatory of the Prompt Payment Scheme. In 2007/2008, 96.1% of suppliers were paid within thirty days of presentation of a valid demand.

Pensions

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



Company Directorships

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

Auditors

These financial statements are audited by the Comptroller and Auditor General (C&AG) who is appointed by statute and reports to Parliament on the audit examination. His certificate and report is produced at pages 50 to 52. The notional audit fee for the work performed by his staff during the reporting period and which relates solely to the audit of these financial statements was £9.1k.

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

Disclosure of Information to Auditors

The Accounting Officer has taken appropriate steps to make himself aware of relevant audit information and to establish that the C&AG is aware of that information. To his knowledge, there is no relevant audit information of which the C&AG is unaware.

Stan Brown
CHIEF EXECUTIVE
13 June 2008



Management Commentary

Business Reviews

Background Information

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

The Agency became the third Executive Agency of the Northern Ireland Office on 1 September 1995, its functions having previously been carried out by the Northern Ireland Forensic Science Laboratory, a Division of the Department. Its name was changed from the Forensic Science Agency of Northern Ireland to Forensic Science Northern Ireland in April 2000. Its budget for the 2007/08 financial year was approx £9m.

More than 90% of the Agency's work is at the request of the PSNI and the mix accordingly reflects trends in local crime, especially violence and other serious offences, as well as the investigative priorities of the police. FSNI has seen a substantial growth in submissions relating to violent crime/offences against the person and drugs-related crime. The use of DNA testing continues to grow rapidly. The Agency acts as the custodian of the Northern Ireland DNA database and regularly uploads NI DNA profiles onto the UK's National DNA Database. The standalone nature of the NI database allows for faster local searching as well as compatibility with both UK and Republic of Ireland databases. This allows for the comparison of DNA profiles and identification of individuals possibly associated with crime scenes anywhere within the UK and, where their legislation allows, in the Republic. This latter point is important in the growing area of cross-border crime.



Strategies and Objectives

Agency Mission

“To provide effective, impartial forensic science to support justice”

This mission is realised through -

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

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

Agency Mission

“To be recognised as the provider of forensic science with the reputation for excellence, quality and timely delivery.”

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

FSNI will continue the major modernisation programme it has embarked on, both by investing in improved instrumentation, accommodation and ICT systems and by restructuring the organisation to better deliver the customer responsiveness and the operational efficiency required.

The development of partnerships with our customers and stakeholders will continue at both strategic and operational levels, to ensure that their changing needs are identified and addressed.



FSNI will aim to continually improve the delivery of its products and services by focusing on best practice processes in scientific operations, quality management, logistics, customer services and training. Formal relationships with other recognised forensic providers will be maintained to allow exchange of best practice and the brokering of services in response to demand fluctuations.

Key Performance Measures

Agency Key Targets

During the Course of 2006/07, there was much debate between FSNI and NIO about the Agency targets and the Department agreed that the key targets set for 06/07 would remain until new targets could be set. These remained in place during all of 07/08.

However, as part of the development of the 2008/09 Business Plan, targets will be revised in line with strategic requirements using the Balanced Scorecard as the tool to develop this. Much work has already been done in this regard. We also hope to utilise the existing management information and propose reporting performance against targets as set in the SLA.

Corporate Goal	Measure	2007/08 Key Target
1. To have in place the proper processes to enable FSNI to meet the service requirements of its customers and stakeholders.	The extent to which the Agency satisfies the essential requirements of the Police Service of Northern Ireland and its other principle customers.	1. To deliver 90% of all FSNI allocations within specified timeliness targets, as agreed with the customer and defined within Service Level Agreements.

The Agency continues to monitor the targets as agreed in the previous year's business plan and therefore we can directly compare performance throughout the year. The following targets are set and monitored in line with the SLA agreement with PSNI.



PSNI SLA Targets 2007/2008

PSNI SLA targets were agreed during this period and remain largely the same.

1. Priority 1 Target 95% - At the end of March 08 this figure was 97%.
2. PPS 80 days Target 2A 85% (2005/06 80%) From March 2006 no PPS cases have been recorded.

In agreement with the Department FSNI no longer measure this target.

3. All reports within 90 days (PSNI only) (target 100%) – Targets consistently not met. At the end of December this target was 73%. No figure is as yet available for the final quarter.
4. All reports 140 days (PSNI only) (target 100%) – targets consistently not met. At December 07 this target was 86%.

Whilst FSNI continue to perform well against the Priority 1 cases, output against the other targets has continued to fall – a direct consequence of staff shortages in key areas and resource diversion to Quality. It should also be pointed out that the nature of these historical targets does not allow them to properly reflect changes to delivery schedules due to the routine reprioritisation of cases whilst still in progress or the prolongation of cases due to new evidence becoming available. The new targets being devised will be designed to better reflect the delivery of products and services.

There has been an increase in submissions to FSNI in some of the most pressurised areas i.e. DNA, Electronics and Drugs. We have recently received authority from PSNI to broker out some of the work in DNA, in line with the SLA arrangements.

A backlog reduction strategy is being developed as one of the new business plan targets and this will address this issue in the longer term. As part of this strategy, work in some key areas has been brokered out to help reduce the backlog.



The changes to the organisational structure have also had an impact on output over the past few months but the situation should now begin to improve.

The existing SLA structure has proven to be an inadequate tool for allowing the Agency to gear up its resources to meet anticipated demand – a fact made more difficult by the necessary lag-time (i.e. up to 2 years) needed to recruit and then train scientific staff to the requisite standard. Major work on the product range and the identification of modularised deliverables in line with the new ACPO guidelines should help this.

Other Target Analysis

Input

The average monthly number of new cases* created over the year is 486 per month. (From April 2007 until end of March 2008, 5832 new cases were created).

NB - *cases in this context relates to a new case being created, with a case number generated and originates from an incident being investigated (this includes the generation of cases for Historical Enquiries). Over the period, many items are submitted for cases which were created in previous financial years.

The average number of allocations** created over the year period is 748 allocations per month. (From April 2007 until end of March 2008, 8,978 allocations were created). These can be for cases generated within the financial year or cases initially created in previous financial years.

This second set of data is for internal purposes and allocations** relates to the number of reports that will result from the case. More than one report is required in cases where exhibits are examined by a number of reporting officers, who in turn report on their own area of expertise.

Output

For the purposes of direct comparison between intake and output, it is helpful to look directly at allocations. The average number of allocations completed over the year period is 717 allocations



per month. (From April 2007 until end of March 2008, 8,606 allocations were reported). These may have been created within the financial year or initially created in previous financial years.

The above data highlights the inadequacies of the current targets and monitoring information. These will be addressed with the introduction of new targets during the next year, which will be developed in consultation with our customers. Although these will share many common features with previous targets, we are developing a more strategic approach, which is more holistic.

Corporate Goal	Measure	2007/08 Key Target
2. To ensure the Agency meets the evolving needs of customers through continual business improvement.	The extent to which the agency meets the changing customer needs.	2. To provide a transparent charging mechanism through shadow invoicing for all delivered work to PSNI by Quarter 4.

FSNI continue to provide PSNI Finance Branch with a notional report to show a breakdown of charges on a case by case basis.

FSNI continue to actively imbed good governance and management practice. The Executive Board is fully operational, as is the Management Committee.

Corporate Goal	Measure	2007/08 Key Target
3. To ensure customers are satisfied with Service Delivery from FSNI through front end, value added forensic solutions focused on customer requirements.	The extent to which the Agency's customers are satisfied with the service provided.	3. To identify a customer satisfaction baseline through a comprehensive survey and identify three key improvement areas for action during 2007/08.

The customer survey has been drafted but not issued during this period. A Marketing Manager has been appointed to the nascent Business Development Directorate and took up post in early January and he has been tasked with issuing this before July 2008. The Marketing Manager is revising the questionnaire to ensure that it will provide an accurate baseline for future comparisons.



Corporate Goal	Measure	2007/08 Key Target
4. To maintain the Agency's corporate governance by ensuring effective financial management.	The extent to which the full economic costs of the Agency are recovered.	4. To recover, via the sale of products and services, the full resource costs of the Agency.

This target will exclude funding from the Department to cover Superannuation, training and non-cash funding in respect of assets previously purchased by PSNI under cash accounting. This will also exclude monies allocated through the Monitoring Round process and Comprehensive Spending Review 2007.

Corporate Goal	Measure	2007/08 Key Target
5. To have a motivated and engaged workforce with the right skills, knowledge and abilities.	The extent to which FSNI's staff understand and contribute to the Agency's improvement programme and service provision.	5. To establish a baseline measure of staff awareness and engagement of:- i. the change process ii. the perceived support provided by the organisation. Identify three key areas for action within 2008/09.

FSNI have re-visited the objectives, measures and targets during the past two months and propose other targets will better drive this objective and that the above target is not pursued.

Corporate Goal	Measure	2007/08 Key Target
6. Preserve the confidence with which the Agency is held by the NI justice stakeholders and international forensic community.	The extent to which the Agency meets nationally accepted standards of quality.	6. To maintain UKAS accreditation and calibration for all the Agency's core disciplines under the international standard ISO/IEC 17025: 2005.

FSNI have fully met the above target during the year.

UKAS carried out a follow-up inspection at the end of January to oversee the progress in relation to the Quality Improvement Projects. The outcome has been that UKAS Accreditation has been maintained, and indeed extended in some areas.



Work remains still to be done to maintain the current level of accreditation and in view of the increasingly strategic nature of quality to the Agency, the Executive Board agreed that the Quality section should be lead by a Quality Director at Grade A level. This new role will ensure that there is a strategic direction set for the Quality team.

This new role will provide a further enhancement of the quality system, which has recently become even more prominently under the spotlight following the outcome of the Omagh bomb trial and the arrival of the Forensic Science Regulator. The Quality Director will also chair the reconstituted Contamination Control Group and will act as Deputy to the CEO on the Forensic Science Advisory Council (FSAC - which advises the Regulator) and as Deputy Technical Manager (a role required under ISO 17025/2005 within the UKAS accreditation.)

Description of Business

Forensic science plays a key role in support of the criminal justice process in the detection and solving of both serious and volume crime. In Northern Ireland, as elsewhere in the World, the reluctance of witnesses to testify (and the reliability of their testimony) and the questioning of the reliability of confession evidence has meant that there is a greater and continuing reliance on forensic science.

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

FSNI provides a wide spectrum of services including;

- Biology
- DNA
- Alcohol
- Drugs
- Toxicology
- Road Traffic Collisions



Electronics
Explosives
Microchemistry (Trace Gunshot and Explosives residues)
Firearms
Fires and General Chemistry
Physical Methods (Paint, Glass, Marks including tool and footwear)
Documents
Specialist Fingerprint Unit
Casework Review in support of Historic Enquiries Team, PSNI.

The Agency is accredited by the United Kingdom Accreditation Service (UKAS) and the current scope of accreditation can be found on the UKAS website (www.ukas.com)

In pursuing our vision and mission, FSNI will aim to contribute to and maintain the confidence of the Criminal Justice System (CJS). This supports the SR2004 PSA objective 3 target 2.

Development and Performance of the Business

The year ending March 2008 was again one of considerable change. Of particular note was the restructuring of the Operations directorate in the last quarter of the year. This has been divided into two separate directorates, Laboratory Services and Reporting Services. This will allow better focus on each part of the operation, leading to improved efficiency and effectiveness in both.

The work to improve the quality management system, begun in previous years, continued in 2007-2008. Much has been accomplished but much remains to be done to ensure the improvements are fully embedded in the day-to-day work of the Agency. The substantial effort in quality has had a knock-on effect on output from the operational areas. This, combined with delays in replacing staff, over-submission in some areas and backlogs of work being carried over from previous years, has led to an increased backlog and delays in reporting casework.



During the last quarter, some work was subcontracted to other providers as part of a strategy to reduce backlog. Much work remains to be done to clear the backlog and the strategy will be carried forward into next year.

The Modernisation Programme.

The modernisation programme for 2007/08, as with 2006/07, had a number of key elements –

1. Improving relationships with our customers and stakeholders
2. Developing an accountable and empowered target-focussed delivery culture among our staff
3. Developing systems to provide appropriate real time Management Information
4. Developing an integrated, seamless supply chain, to deliver operational excellence and end-to-end evidential integrity.
5. Implementing an appropriate organisational structure that supports the new delivery process and future development needs.
6. Imbedding quality assurance within the entire organisation

In relation to the above, substantial progress through the year has been made on all fronts:

1. Regular meetings at operational and strategic levels have been held with our customers, including a series of forums with PSNI Senior Investigating Officers (SIOs), regular meetings on SLA performance and planning with the PSNI Scientific Support Manager and strategic reviews with the Deputy Chief Constable. Meetings at senior level have also been held with Public Prosecution Service (PPS), the Criminal Justice Inspectorate (CJI) and the Police Ombudsman's Office for Northern Ireland (PONI).
2. Work on imbedding the Strategy map and Balanced Scorecard approach to business planning and reporting throughout the entire organisation has continued apace and is supporting staff alignment with the strategic objectives of the Agency and the development of the Management Committee.



3. The major Perseus programme has been developed in substantial detail and a business case has been prepared to support the funding required.
4. Perseus also supports the workflow management and exhibit/file tracking necessary to streamline the supply chain.
5. The operational division of the Agency has been restructured during the year to create the new directorates of Laboratory Services – which focuses on effective, efficient science output from the laboratory-based processes – and Reporting Services – which focuses on the provision of expert forensic advice at scenes of crime, in case conferences with police investigators and in the preparation and delivery of reports and Expert Witness to the Courts. Funding was also obtained in-year for the establishment of a Business Development Directorate which will integrate Customer Services and Logistics, Product Management, R&D, Marketing, Account Management and Customer Training. Several of these functions have already been set up.
6. A major, sustained focus on Quality Management has been maintained throughout the year, building on the systems introduced at the end of the previous year to manage this highly complex area. Our Accreditation status was maintained (and indeed extended) following two UKAS inspections.

New Accommodation Project

The 2007/2008 year saw significant activity in a number of important areas. The most significant of these, from an internal perspective, was the development of a comprehensive Specification of Requirements (SoR). The SoR details the rooms, room sizes, services and critical environmental requirements needed in the new premises. The work was led by the Project's Laboratory Design Architect working closely with staff User Groups. The output from the SoR allowed the architect to develop early design concepts and test the feasibility of different building layouts. Key considerations in the development of the SoR included improvements to work flow, contamination avoidance, item integrity and future service delivery needs. The scope of the SoR is predicated on FSNI delivering a full range of services as outlined in the Agency's proposed Business Strategy. Considerable efforts have been made to benchmark the SoR against other laboratories and other



new laboratory projects and to this end FSNI hosted a Design Sharing Workshop in February 2008 which was attended by representatives from Dublin and Scotland, where new forensic laboratories are also being planned. A group made up of members of the Project Team and laboratory staff, also visited a new laboratory in the Netherlands towards the end of the 2006/2007 year. Other key areas included the selection of a site and the preparation of an Outline Business Case (OBC). In relation to the site selection, a number of sites were reviewed during the course of the year and investigations are ongoing to refine a short list suitable for inclusion in the OBC. Work on the OBC started towards the end of the period of this Report and good progress is being made with the early chapters.

Conferences

FSNI staff are represented on many UK and International bodies. In particular they attend and contribute to the European Network of Forensic Science Institutes (ENSFI) working groups as follows:

- Firearms
- Road traffic collision
- Fires and Explosives
- Fibres
- Handwriting
- Fingerprints
- Paint/glass and Marks
- Information technology (FSNI acts as secretary to the group)
- Scenes of crime
- DNA
- Competence Assessment Project

The Agency's influence in determining best practice and standard setting is international.



Future Developments in the Agency

During the forthcoming year, FSNI will concentrate on imbedding the new organisational structure and developing integrated and practical strategies for each of the directorates. The product range will be redefined, under the aegis of the Business Development Directorate, to align with the product definitions recently introduced by the Association of Chief Police Officers (ACPO). These essentially define the outputs of forensic laboratories in terms of the inputs to the police investigative processes. From ACPO and the PSNI's perspective, this will enable cost comparisons to be made from various suppliers. From the providers' perspective it will enable modular or staged delivery of products, which should both reduce nugatory work and speed up delivery. The ACPO product definitions are generally, however, geared to the basic level of product, and it will remain the intention of FSNI to offer enhanced products in each of the product groups. The Perseus programme, referred to earlier, will greatly support this product management work by allowing detailed cost analysis of the product elements and by improving workflow management, predictive customer costings, submission control and reporting. The work will also help focus the R&D programme, which will lead to new products being fully launched to customers and explained to stakeholders.

Financial Performance

Income achieved in the current year was £9.1m compared to £8.4m in 2006/07 mainly due to increased income from PSNI.

The deficit of £1,052k for the year ended 31 March 2008 is partly as a result of the Accommodation project cost of £273k, Modernisation project cost of £46k and Causeway Project cost of £31k, which are funded separately. The remaining deficit of £702k has been funded by the NIO in respect of non cash charges for fixed assets previously funded in full by PSNI under the cash accounting model and brokering pressures.

The Agency's net increase in cash in the year is £17k compared to £2,093k in 2006/07. The drop from 2006/07 is due to increased expenditure on capital and reduced cash drawdown from NIO.



During the year, expenditure on fixed assets amounted to £649k, of which £7k relates to Modernisation project additions.

Risks

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

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

The main risks to the Agency's business objectives are;

- Failure to maintain an appropriate scope of accreditation to ISO 17025:2005
- Catastrophic failure of systems
- Lack of confidence in FSNI to deliver the services to the Criminal Justice System
- Inability to meet customer demands as set in SLA
- Failure to implement an effective new Senior Management structure.
- Failure to design and implement a succession plan.
- Current accommodation and facility becomes inadequate for delivery of FSNI Business.
- Failure to effectively manage responses to the Omagh verdict
- Failure to secure adequate funding for the delivery of new accommodation.
- Failure to retain case files and items in a safe and secure environment
- Inappropriate Framework Document
- Failure of FSNI to align with customer's Strategic Direction.



Regulation and Legislation

FSNI complies with all appropriate Government Agency Legislation, Regulations and Governance. Accreditation to ISO/IEC 17025 is granted by the United Kingdom Accreditation Service (UKAS). In the current financial year, UKAS carried out a surveillance visit in July 2007 and an extra visit in January 2008. Following the July 2007 visit and the satisfactory close-out of mandatory actions, accreditation of the current scope was maintained and the scope extended to include alcohol & DNA. Maintenance of the current scope was confirmed at the extra visit in January 2008. Full details are included in the statement on internal control.

Resources of the Agency

As a scientific, knowledge-based organisation, our greatest asset is our staff and as such the organisation is committed to their development and the provision of cutting edge technology. FSNI will continue its capital investment in the advanced, specialist instrumentation and equipment needed to keep the Agency's capability at a high level. Work, already well established in 2007/8, will continue of staff training and competences. Although the many different specialist streams of FSNI's scientific work each require dedicated staff with very specific qualification, experience and knowledge, there is both a need and an opportunity for more cross-skilling in the organisation to better "buffer" the demand fluctuations that inevitably arise in casework.

The Evidence Recovery Unit (ERU - set up in 2006/7) has established itself well and is already delivering output benefits. Similarly, the Operational Support Team (OST) became operational within the Business Development Directorate and will help, through improved customer communication and the Perseus investment, to release more science resource to front-end work.

Strategic Relationships

FSNI are continuing to develop strategic relationships with all our customers. In the coming year it will be particularly essential to define through negotiations the anticipated future needs of our main



customer, the PSNI, in order to inform the scope and design - and therefore the cost - of the new accommodation and support its successful funding.

While our funding model rightly puts the police in a key position as our major paying customer, we always have to consider the wishes and needs of the other principal stakeholders in FSNI's work – such as the PPS, the Courts, CJI, UKAS and the Forensic Regulator, so that our strategic decisions impact positively on the integrity of the Criminal Justice System in NI and the confidence of the public in it.

Forensic Science expenditure is a relatively small component of the total costs of running a police service (typically 1-2%). However the importance of the forensic evidence provided and evaluated objectively and independently by laboratories such as FSNI's is disproportionately large in terms of the impact on the fair and efficient delivery of Justice. FSNI recognise the responsibility we carry and will work assiduously to ensure that the integrity and value of what we do is valued by all.

Environmental, Social and Community Issues

There have been no significant environmental, social and community issues during the year. The Agency complies fully with its environmental policies including health and safety, waste management, management of emissions and disposal of hazardous waste. The Agency complies with all relevant environmental legislation.

Employee Policies

Details of employee policies are detailed in the Director's report.

Contractual Arrangements

Service delivery processes include the provision of managed services by other providers on behalf of FSNI. Central Procurement Division (CPD) is responsible for the tendering process, selection and formal agreements. The provision of cleaning services to FSNI has been outsourced to a



service provider in 2007/08. The service provider was procured in line with NIO Guidance on Procurement of Goods and Services, by CPD on behalf of FSNI.

Contingent Liabilities

There are no other significant contingent liabilities other than those disclosed in Note 19 to the accounts.



Remuneration Report

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

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

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

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

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

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



Service Contracts

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

Unless otherwise stated below, the officials covered by this report hold appointments, which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

- The Chief Executive was appointed on a permanent basis from 30 October 2006.
- The Finance Director was appointed on a permanent basis from 29 May 2007.
- The Corporate Services Director was appointed on a permanent basis from 18 January 2008.
- The Director of Reporting Services was appointed on a permanent basis from 08 November 2007
- The Director of Laboratory Services was appointed on a permanent basis from 08 November 2007
- One Non Executive Director was appointed on a permanent basis from 23 November 2006 with a second being appointed 1st January 2008
- The New Accommodation project Coordinator was appointed on a permanent basis from 1 April 2004.
- A permanent Corporate Secretary was appointed on 1st January 2008

Further information about the work of the Civil Service Commissioners can be found at www.civilservicecommissioners.gov.uk

Salary and pension entitlements

The following sections provide details of the remuneration and pension interests of the Board members of the Agency.



Remuneration (Audited)

Board Members	2007-08	
	Salary £k	Benefits in kind (to nearest £100)
Stan Brown - Chief Executive	75-80	0
Jim Speers - Acting Operations Director (to 30th Nov 07)	35-40 (£55k-£60k, full year equivalent)	0
Michelle Galbraith- Acting Finance Director (to 28th May 07)	5-10 (£40k-£45k, full year equivalent)	0
Alison McElveen - Corporate Services Director (Acting CS Director from 1st April 07 to 17th Jan 08)	35-40	0
David Brooks - Accommodation Project Coordinator (to 13th March 08)	50-55 (£50k-£55k, full year equivalent)	0
Glynis Millar - Finance Director (from 29th May 07)	35-40 (£40k-£45k, full year equivalent)	0
Clare Dornan - Corporate Secretary (from 1st Jan 08)	10-15 (£40k-£45k, full year equivalent)	0
Robert Gingles - Director of Laboratory Services (from 08th Nov 07)	15-20 (£45k-£50k, full year equivalent)	0
Janet Kirkwood - Director of Reporting Services (from 08th Nov 07)	20-25 (£50k-£55k, full year equivalent)	0



Remuneration (Audited) cont'd

Board Members	2006-07	
	Salary £k	Benefits in kind (to nearest £100)
Martyn Ismail - Chief Executive (to 15th September 2006)	65-70 (£100k-£105k, full year equivalent)	0
Stan Brown - Chief Executive (from 30th October 2006)	30-35 (£75k-£80k, full year equivalent)	0
Jim Speers - Acting Operations Director	55-60	0
Michelle Galbraith - Acting Finance Director (from 1 January 2007 to 28th May 2007)	5-10 (£35k-£40k, full year equivalent)	0
Alison McElveen - Acting Corporate Services Director (from 1st January 2007)	5-10 (£35k-£40k, full year equivalent)	0
David Brooks - New Accommodation Project Coordinator	45-50	0

The information above is subject to audit.

Alan McClure, one of FSNI's two Non Executive Directors, received fees of £10k in connection with his role. He also received expenses in relation to his role as Non Executive Director. Trevor Steenson, FSNI's second Non Executive Director, received only expenses in relation to his role. The services of the Corporate Secretary Clare Dornan were provided for the full year but salary costs were incurred by the Agency from 1st January 2008.

Salary

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

This presentation is based on payments made by the Department and thus recorded in these accounts. This total remuneration, as well as the allowances to which they are entitled, is paid by the department and is therefore shown in full in the figures above.



Benefits in Kind

None of the Board members received benefits in kind during 2007/08 or in 2006/07.

Pension Benefits

Board Members	Accrued pension at age 60 as at 31/3/08 and related lump sum	Real increase in pension and related lump sum at age 60	CETV at 31/3/08	CETV at 31/03/07	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
Stan Brown-Chief Executive	44-49	0-5	198	167	8	0
Jim Speers-Acting Operations Director	68-73	0-5	310	274	6	0
Michelle Galbraith-Acting Finance Director (from 1 January 2007 to 28 May 2007)	1-5	0-2.5	8	8	0	0
Alison McElveen - Corporate Services Director)	0.5-1	0-5	12	3	8	0
David Brooks - New Accommodation Project Coordinator	84-89	0-5	485	421	21	0
Glynis Millar-Finance Director	1-5	0-5	17	0	16	0
Clare Dornan - Corporate Secretary	43-48	0-10	165	122	22	0
Robert Gingles - Director of Laboratory Services	45-55	0-5	304	275	9	0
Janet Kirkwood - Director of Reporting Services	50-55	0-5	315	285	9	0



Pension Benefits cont'd

Board Members	Accrued pension at age 60 as at 31/3/07 and related lump sum	Real increase in pension and related lump sum at age 60	CETV at 31/3/07	CETV at 31/03/06	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
Martyn Ismail - Chief Executive (to 15 September 2006)	0	0	0	0	0	0
Stan Brown - Chief Executive (from 30 October 2006) Services	40-50	0-5	167	151	1	0
Jim Speers - Acting Operations Director	65-75	0-5	274	222	1	0
Michelle Galbraith - Acting Finance Director (from 1st January 2007 to 28th May 2007)	0-5	0-2.5	8	6	1	0
Alison McElveen - Acting Corporate Services Director (from 1st January 2007)	0-5	0-2.5	3	0	2	0
David Brooks - New Accommodation Project Coordinator	70-80	0-5	421	328	0	0

The information above is subject to audit.

Civil Service Pensions

The Principal Civil Service Pension Scheme (NI) – PCSPS(NI) is an unfunded defined benefit scheme but FSNI is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out at 31 March 2003 and details of this valuation are available in the Department of Finance and Personnel Superannuation and Allowances Account (www.civilservicepensions-ni.gov.uk).



For 2007-2008, employers contributions of £ 773,838.65 were payable to the PCSPS(NI) at one of four rates in the range of 16.5 – 23.5 per cent of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. From 2008 – 2009, the salary bands will be revised but the rates will remain the same. (The rates will be changing with effect from April 2009) The contribution rates are set to meet the cost of benefits accruing during 2007 – 2008 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

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

The accrued pension quoted is the pension the member is entitled to receive when they reach 60, or immediately on ceasing to be an active member of the scheme if they are already 60.

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

www.civilservicepensions-ni.gov.uk

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer



the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003/04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the CSP arrangements and for which the Cabinet Office's Civil Superannuation Vote has received a transfer payment commensurate with the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries 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.

Real increase in CETV

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



Forensic Science Northern Ireland

Accounts 2007-2008



Forensic Science Northern Ireland

Statement of Agency's and Chief Executive's Responsibilities

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

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

- observe the Accounts Direction issued by Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on the going concern basis.

The Accounting Officer of the Northern Ireland Office has designated the Chief Executive of Forensic Science Northern Ireland as the Accounting Officer for the Agency. The responsibilities as Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for the keeping of proper records and safeguarding the Agency's assets, are set out in 'Managing Public Money' issued by the Treasury.



Statement on internal control

1. Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Agency's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money.

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

The Fraser Figure for the Agency is the Director of Criminal Justice. He chairs the Ministerial Advisory Board which includes the Department's Director of Resources, other NIO officials and FSNI's Chief Executive and Board members, including its two non-executive Directors, one of whom is a past Chairman of the Institute of Directors (NI) and a past Chief Executive of a foreign direct investment company in Northern Ireland and the other is an Executive Director within a large DFP Executive Agency.

2. The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Agency for the year ended 31 March 2008 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.



3. Capacity to handle risk

The Chief Executive has direct responsibility for the analysis of risk and works with the Executive Board and his management team to identify and evaluate risk. Responsibilities were assigned and where appropriate actions were incorporated into the Agency's internal targets. The Agency maintains a risk log for both the Agency and the Agency's accommodation project. This risk log for the Agency is regularly reviewed by the management team.

4. The risk and control framework

The risk planning process involves the identification of appropriate risk management strategies which will either reduce the impact or will reduce the likelihood of a risk becoming a problem. Risks in the current financial year were identified by the Chief Executive, Directors and senior management team and are evaluated, monitored and documented by the Executive Board. The Agency has various risk management strategies for example to eliminate the cause of the risk (including avoiding accepting the risk at all), reduce the likelihood of occurrence, mitigate the effect of occurrence, choose to further investigate before deciding on action, accept the risk, and transfer the risk to someone else. Each strategy will depend on the likelihood, impact and nature of the risk.

The following processes and systems are in place

- A systematic methodology to identify and prioritise risks with assigned responsibilities has been carried out.
- The Agency reports to a Ministerial Advisory Board whose role is: a) to consider the plans and strategic direction of the Agency and ensure that these align with departmental objectives and b) to monitor progress of the Agency towards the achievement of its key and internal targets and to approve the quarterly report for submission to the Minister.
- The Agency's own Executive Board, consisting of the Agency's Chief Executive, Directors, two Non Executive Directors and a Board Secretariat. The Terms of Reference of the Board have been formally agreed with the Department and are in line with



guidance issued by Treasury on the Corporate Governance Code of good practice (July 2005). Executive Board meetings are held monthly and all decisions and approvals are formally minuted by the Board Secretariat. Board minutes are made available to all staff. All Executive Board members have received formal training in year on Board responsibilities and duties.

- The Agency has an Audit Committee chaired by an external, independent Non-Executive Director of the Executive Board.
- Internal Audit conducts an agreed programme of work to Government Internal Audit Standards on areas within the Agency which are perceived by the Audit Committee and/or the Executive Board as being of the highest risk.
- Audit reports include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the Agency's system of internal control together with recommendations for improvement.
- A comprehensive planning process leading to the production of its business plan and associated service level agreements with its main customers is in place. The Agency has adopted the Balanced Scorecard approach to planning which leads to a Business Plan which takes into account all aspects of the Agency's business. Agency objectives are cascaded to individuals through the Performance Management System. The Agency has also a second tier of executive management – the Management Committee – whose functions have also been defined in a TOR and are designed to manage resources within agreed budgets, to monitor progress against Balanced Scorecard Targets and to take appropriate corrective actions.
- A Quality Management System which is subject to external review and accreditation is in place.
- A fraud policy and fraud response plan have been established.
- A whistleblowing policy is in place.



5. Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the Agency who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have also received annual assurance statements from each of the Board members, heads of departments and senior managers covering the key systems and controls for which they are responsible.

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

Internal Audit completed three audits during 07/08. At year end a fourth audit on Risk Management is being conducted but as yet has not been finalised. A follow up audit was conducted on an audit completed in the previous year on Corporate Governance arrangements within FSNI. The follow up audit concluded that limited assurance can be offered in respect of corporate governance at FSNI. The Report acknowledged that much progress had been made in the intervening time period and that there have been important developments since the original audit report but that a number of recommendations made in the previous report had not been fully implemented or are still being progressed. FSNI agree that a lot of work and effort has been put into this area over the past year and are confident that the small number of recommendations still to be concluded will be completed in the next few months.

The second audit conducted during this year was on FSNI use of Consultants. This audit concluded that the assurance level for the controls exerted over the approach to the use of consultants within FSNI was limited. This was on the basis that some business areas within FSNI were addressing the engagement of consultants adequately however not all the protocols of engaging consultants were being adhered to with respect to monitoring, managing and the post-evaluation of the contracts.



The final report concluded in this year relates to FSNI Procurement Controls. This audit concluded that the controls exerted over the approach to procurement within the FSNI provided no assurance. This conclusion was reached on the basis that there was insufficient documentation available to Internal Audit, in particular in relation to contracts. There was also an indication that FSNI relied on the practice of renewing existing contracts, instead of re-tendering, the main reason given was the complexity of work or specialised equipment involved. There also was a lack of supporting documents for arranging sole supplier status. FSNI have responded positively to both these audits and immediately implemented a plan to train Management Committee members in contract management and procurement processes, particularly focusing on the sole supplier aspects. In addition, a new process for approving business cases has been introduced as these are now discussed and approved at monthly Management Committee meetings. We are also seeking to recruit a Procurement and Contracts Manager who will provide advice and support to all Managers within FSNI who procure services from outside Consultants. A final Audit in relation to FSNI management of risk had not yet been concluded, however indications are at this stage that the report will provide limited assurance on this issue.

UKAS Accreditation

One of the key objectives in the FSNI Corporate and Business plans is that FSNI maintain their accreditation for testing and calibration to the international standard ISO/IEC 17025. FSNI's principle customer is the Police Service of Northern Ireland (PSNI). One of the objectives of the Service Level Agreement (SLA) with PSNI is that FSNI maintain a management system accredited to ISO/IEC 17025. Accreditation to ISO/IEC 17025 is granted by the United Kingdom Accreditation Service (UKAS). In the current financial year, the UK Accreditation Service (UKAS) carried out a surveillance audit in July and August 2007, after which, UKAS noted the clearly demonstrable amount of work done and the consequent improvement and benefits to the operation of the laboratory. They further noted the ability of the laboratory to demonstrate its compliance with ISO 17025 and the technical competence to



perform the work undertaken is now well structured. However, UKAS stated that there is still work to be done, implemented and tested before the normal operation of the quality system can be solely relied on. Accreditation for the existing scope was maintained, and extensions to the scope in the areas of alcohol & DNA were offered, subject to the satisfactory clearance of mandatory actions. In addition an extra visit to review key projects & initiatives is to be performed, in advance of the next surveillance visit in July 2008. Monthly progress updates were also requested.

All mandatory actions from the July 2007 visit were closed out, monthly updates were provided and the extra visit took place in January 2008. Some areas of concern were identified at this visit in relation to the completion and close out of actions from audits and non conforming work and some potential risks identified in relation to resource in two key areas i.e. Firearms and the Quality team. Attention was drawn to the need for the organisation to closely monitor the continued compliance of all aspects of their Quality System within the requirements of ISO 17025, which is particularly relevant during this period of significant change. Overall, UKAS recommended that accreditation is maintained for the current scope. Along with this, UKAS requested monthly updates on the progress of completion of actions from audits and non-conforming work and in relation to the PM action plan. Monthly updates have been provided. The next UKAS surveillance is due in July 2008.

Additional resources have been provided for both the Firearms and to the Quality team.

There is still a significant risk that FSNI will fail to meet one of its objectives within the SLA with the PSNI, should accreditation not be maintained. The result of this may negatively impact on other aspects of the delivery of SLA targets e.g. DNA services. In addition, the confidence of other stakeholders e.g. PPS and the judiciary would be undermined by the failure to maintain accreditation. The option to do nothing and voluntarily suspend the FSNI accreditation would similarly impact negatively on the delivery of SLA targets and the confidence of stakeholders.



The Agency fully recognises the significant potential impact of a suspension of accreditation which would negatively affect the future viability of the laboratory services at FSNI. However, very significant work over the last 12 months has been invested by the Agency to address the issues noted above and to ensure that accreditation is indeed maintained, as is expected.

Other significant internal control issues

- The Agency is currently operating under a 1995 Framework Document which requires updating to reflect the actual requirements of the Agency. A draft document has been prepared and detailed discussions have taken place with NIO representatives regarding the draft. The final version will be submitted to the Ministerial Advisory Board (MAB) for approval early in 2008/09. Once approved by the MAB, approval will be sought from the Minister.
- Turnaround targets in the Agency have not been met within certain operational sections due to acceptance of significant over-submissions of items by customers vis a vis the resource available. A programme headed by a designated project leader is in place and an action plan has currently been proposed to resolve the matter in the medium/long term. The PSNI SSM has been engaged on the issues of backlog reduction and submission control and these are being factored into future SLA design and into FSNI operational plans.
- The assignment of significant scientific manpower resources to the UKAS accreditation work and the New Accommodation project has inevitably taken some focus away from the operational output performance of the casework sections. A refocus on performance for the casework sections is to be undertaken and aligned to the Divisional Balanced Scorecard. This will be cascaded down to individual Forward Job Plans for 2008/09. Performance and quality measurables with SMART objectives will be integral to this.
- The Perseus Programme to develop improved and integrated approaches to the Agency's systems of Case File Management, Exhibit Tracking, Workflow Management and Management Information Systems, etc. is currently awaiting Business Case approval,



although funding has been set aside by the department for this purpose. The business re-engineering and MIS associated with Perseus are critical to efficiency gains and customer focus of operations. Considerable resources will be required to complete the programme within 2008-10. Completion of the new MIS will greatly assist in the monitoring of casework inputs, outputs and work in progress and help manage submissions. Until adequate systems are in place, the ability of the agency to fully meet and report against its SLA requirements is compromised.

- HMIC/CJINI recommendations will be progressed to address a number of issues requiring the development of joint/co-operative solutions between PSNI and FSNI. In addition CJI will audit the Omagh Response Plan referred to earlier.
- The Agency's business continuity planning has been reviewed with the assistance of external consultants and work is now underway on the design of a new BCP.
- During this year FSNI carried out an internal review on the system for recording and updating the Fixed Asset register. This has resulted in a new improved system being introduced to record all of the fixed assets. An internal audit has been carried out on FSNI Procurement and has been dealt with earlier in this report.
- Absence management has been a focus for the Agency in 2007/08 and line managers have received training in absence management, and are aware of their responsibilities in absence management. Absence levels have fallen in the past year and the Agency complies fully with the department's Absence Management procedures and guidelines.
- The Agency achieved the departmental targets for Performance agreements for 2007/08. The Agency fell short of the 98% target for Performance Development Plans being submitted on time, however the performance in this area was a significant improvement on previous years, and allowed for a comprehensive training plan to be submitted to the department within agreed deadlines.
- The current Financial Regime of the Agency, based on SLA receipts from the key customers, is not fit for purpose as currently structured. The issues of over-submission in



some areas and of generating new income in relation to increased demand - while using that income to increase the appropriate resources to facilitate supply - need to be addressed. In addition the maintenance of strategic capability across all of FSNI's specialisms, whether or not they are individually self-financing needs addressing. Negotiations are underway with PSNI and with the Department to address these issues. Future SLAs are expected to be better constituted to allow for transactional charging, surplus roll-over and capacity maintenance.

- A review of the physical storage of case files on FSNI premises has been conducted and options for improving the storage conditions have been considered. A project is underway to move archive filing to a secure outsourced service provider.
- The maintenance of the current facilities needs to be assessed in the light of the probable – but not yet certain- move to new accommodation within a 3-4 year period. Decisions as to the level of continued investment in the fabric of the current accommodation have to be balanced against both the likely move in the longer term and the increasing demands for improved facilities in the short term.
- Similarly, in relation to Security; an analysis and report on potential investments in security systems have been prepared with PSNI support and are now with the Department. Actions will need to be decided, as above, in the light of the New Accommodation Project.
- Uncertainty remains around the alignment of FSNI strategy with that of PSNI and the wider CJS, in relation to the issues of procurement of forensic science services by the PSNI, the possible taking in-house by the PSNI of some functions currently supplied by FSNI and the maintenance of capability in essential but non self-financing forensic functions. These issues are being addressed by strategic discussions at senior level between FSNI, PSNI and the NIO. Once these issues are clarified, it will be possible for the Minister to approve the FSNI development strategy and for the New Accommodation Project to move forward with a clear plan of action on the back of an agreed Outline Business Case.



- DNA – post-Caddy: The Caddy Report and the Omagh Bomb trial have brought attention onto low-template (i.e. highly sensitive) DNA techniques (such as LCN DNA) and onto contamination control. Whilst FSNI does not currently provide a low template DNA service, the Forensic Science Regulator, in his response to the Caddy report, implied that all forensic science providers of DNA services may be required to put extra measures in place across all DNA work, whether low template DNA or not. In the case of FSNI, this most likely will require some investment in clean-air technology in several laboratory areas as well as the addition/upgrading of a number of technical steps in the process, plus the use of guaranteed DNA-free disposables. FSNI have set up a team to evaluate the measures needed and the costs of doing so. Any actions involving fixed asset investments will need to be considered in the light of the New Accommodation timescales.
- The Quality Management System (QMS): Focus on this remains paramount for the Agency in order to retain its UKAS accreditation in the July inspection. The over-complexity of our current QMS diverts resource away from operational output and requires much on-going management intervention. The Quality team has recently been seriously depleted due to retirement and long-term illness and is only now back at an acceptable staffing level. A radical rationalisation of the QMS and improvements in its information management methods of necessity await the arrival of the Quality Director. In the meantime, it is prudent to treat the accreditation as remaining at some risk.



- General workload: The workload on virtually all staff across the Agency continues to be very high indeed, primarily due to the necessary changes in response to external factors, but also due to Quality Management and the Omagh response plan, not to mention the ever-increasing FOI and Disclosure requests and support for other departmental or service-wide initiatives etc. These pressures are compounded by delays in filling staff vacancies across many tiers. A recent intensive focus on promotion boards has meant that substantial numbers of these vacancies will be soon be filled but the overall time needed for the Recruitment Process, followed by Security Clearance followed by Training is probably the most significant impediment to the ability of the organisation to be as proactive as it needs to be.

S Brown
Chief Executive
13 June 2008



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

I certify that I have audited the financial statements of Forensic Science Northern Ireland for the year ended 31 March 2008 under the Government Resources and Accounts Act 2000. These comprise the Operating Cost Statement and Statement of Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement 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 Agency, the Chief Executive and auditor

The Agency and Chief Executive, as Accounting Officer, are responsible for preparing the Annual Report, which includes the Remuneration Report, and the financial statements in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Accounting Officer's Responsibilities.

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

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000. I report to you whether, in my opinion, the information, which comprises the Director's Report and Management Commentary, included in the Annual Report, is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.



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

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

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

Basis of audit opinion

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

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



the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinion

In my opinion:

- the financial statements give a true and fair view, in accordance with the Government Resources and Accounts Act 2000 and directions made thereunder by HM Treasury, of the state of the Agency's affairs as at 31 March 2008, and of the net operating cost, recognised gains and losses and cash flows for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000; and
- information, which comprises the Director's Report and Management Commentary, included within the Annual Report, is consistent with the financial statements.

Opinion on Regularity

In my opinion, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Report

I have no observations to make on these financial statements.

T J Burr
Comptroller and Auditor General
4 July 2008

National Audit Office
191 Buckingham Palace Road
Victoria
London SW1W 9SS



Forensic Science Northern Ireland

Operating Cost Statement for the year ended 31 March 2008

	Notes	2007-08 £'000	2006-07 £'000
Income	2	9,090	8,429
Expenditure			
Staff costs	3	6,079	6,237
Depreciation	8	565	565
Other operating costs	5	3,328	2,548
Total expenditure		9,972	9,350
Net cost of operations before interest		(882)	(921)
Interest on capital employed	7	(170)	(153)
Net cost of operations		(1,052)	(1,074)

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

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

Statement of Total Recognised Gains and Losses for the year ended 31 March 2008

	Notes	2007-08 £'000	2006-07 £'000
Unrealised surplus on revaluation of fixed assets	13	80	86
Recognised gains and losses related to the year		80	86

The notes on pages 56 to 65 form part of these accounts..



Forensic Science Northern Ireland

Balance Sheet as at 31 March 2008

	Notes	2007-08 £'000	2006-07 £'000
Fixed assets			
Tangible Assets	8a	2,700	2,531
Intangible Assets	8b	28	44
		2,728	2,575
Current assets			
Stock and work in progress	9	215	249
Debtors	10	1,546	1,187
Cash at bank & in hand		3,611	3,594
		5,372	5,030
Creditors - amounts falling due within one year	11	3,454	2,546
Net current assets		1,918	2,484
Total assets less current liabilities		4,646	5,059
Provisions for Liabilities and Charges	12	30	0
		4,616	5,059
Taxpayers' Equity			
General fund	13	4,420	4,920
Revaluation reserve	13	196	139
		4,616	5,059

Signed

Accounting Officer
13 June 2008

The notes on pages 56 to 65 form part of these accounts.



Forensic Science Northern Ireland

Cash Flow Statement for the year ended 31 March 2008

	Notes	2007-08 £'000	2006-07 £'000
Net cash inflow/(outflow) from operating activities	14a	342	490
Capital expenditure and financial investment	14b	(649)	(471)
Net cash inflow/(outflow) before financing		(307)	19
Financing -			
Northern Ireland Office	13	293	2,072
Home Office	13	0	0
Causeway Recoupment	13	31	2
Increase in cash in the year	14c	17	2,093

The notes on pages 56 to 65 form part of these accounts..



Notes to the Financial Statements for the year ended 31 March 2008

1. Accounting Policies

These financial statements have been prepared in accordance with the 2007/08 Government Financial Reporting Manual (FRoM) issued by HM Treasury. The accounting policies contained in the FRoM follow UK generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector.

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

1.1 Accounting Convention

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

1.2 Fixed Assets a) Tangible

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

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

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

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

The standard threshold for capitalisation as an individual or grouped fixed asset is in line with the Agency's capitalisation procedures.

Depreciation is provided on a straight line basis in order to write off the valuation, less any residual value, over their expected useful economic lives. The estimated useful lives, which are reviewed regularly are:-

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

The Agency has no donated assets and no Heritage assets.

Fixed Assets b) Intangible

The Agency's intangible fixed assets consist of software licences. The assets are depreciated over the life of the licence. Depreciation is calculated on a straight line basis. The assets are revalued annually.

1.3 Stocks and work in progress

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



1.4 Pensions

Past and present employees are covered by the provisions of the Civil Service Pension Schemes (NI) which are described at Note 3. The defined benefit elements of the schemes are unfunded and are non-contributory except in respect of dependents' benefits. The Agency recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the Principal Civil Service Pensions Schemes (PCSPS) (NI) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS (NI). In respect of the defined contribution elements of the schemes, the Agency recognises the contributions payable for the year.

1.5 Early Departure Costs

The Agency is required to account for the cost of paying pensions of employees who retire early from the date of their retirement until they reach normal pensionable age.

The Agency provides in full for the cost of meeting pensions up to normal retirement age in respect of early retirement programmes in the year. The total cost of these programmes is recognised in the year the decision is taken.

1.6 Insurance

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

1.7 Research and Development

Expenditure on research is not capitalised, but expensed as it occurs. Expenditure on development is capitalised if it meets the criteria specified in the Government Financial Reporting Manual (FReM) which are adapted from SSAP 13. Expenditure which does not meet the criteria for capitalisation is treated as an operating cost in the year in which it is incurred.

1.8 Taxation

These accounts are stated net of VAT.

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

1.9 Leases

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

1.10 Notional costs

Some of the costs directly related to the running of FSNI are borne by other Government Departments or organisations. These costs have been included on the basis of the estimated cost incurred by the providing organisation. A notional cost reflecting the cost of capital utilised by the Agency is included in operating costs. The charge is calculated at the Government's standard rate of 3.5% (2006/07, 3.5%) of the average capital employed, defined as total assets less total liabilities.

1.11 Provisions

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



2. Income

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

	2007-08 £'000	2006-07 £'000
Police Service of Northern Ireland	8,509	7,817
Other Public Sector Customers	574	556
Other Customers	7	57
	9,090	8,429

3. Staff Numbers and Related Costs

The average number of staff employed during the year was:

	2007-08 Number	2006-07 Number
Caseworkers and specialists	121	116
Management	6	7
Agency, Contract or Temporary Staff	9	18
Support Staff	50	51
	186	192

The costs incurred were:

	2007-08 £'000s	2006-07 £'000s
Wages and Salaries	4,942	5,194
Social Security Costs	363	334
Pension Costs	774	709
Total	6,079	6,237

“The Principal Civil Service Pension Scheme (NI) - PCSPS (NI) is an unfunded defined benefit scheme but, FSNI is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out at 31 March 2003 and details of this valuation are available in the Department of Finance and Personnel Superannuation and Allowances Account (www.civilservicepensions-ni.gov.uk).

For 2007/08 employers contributions of £773,838.65 were payable to the PCSPS (NI) at one of four rates in the range 16.5 to 23.5 per cent of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. From 2008-2009, the salary bands will be revised but the rates will remain the same. (The rates will be changing with effect from April 2009). The contribution rates are set to meet the cost of benefits accruing during 2007-2008 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £1,783.03 were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3 to 12.5 per cent of pensionable pay. Employers also match employee up to 3 per cent



of pensionable pay. In addition, employer contributions 0.8 per cent of pensionable pay, were payable to the PCSPS(NI) to cover future provision of lump sum benefits on death in service and ill health retirement of these employees.

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

4. Early Departure Costs

The Agency provides in full for the cost of meeting pensions up to normal retirement age in respect of early retirement programmes in the year. These are detailed in note 12 below.

5. Other Operating Costs

	2007-08 £'000	2006-07 £'000
General administration expenses	3,066	1,990
Travel and subsistence	114	109
Staff training	92	55
Miscellaneous	10	237
Notional Cost (Note 6)	36	119
Write off fixed assets	0	11
(Profit)/Loss on Disposal	2	(1)
Permanent Diminution of Fixed Assets	8	28
	3,328	2,548

6. Notional Costs

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

	2007-08 £'000	2006-07 £'000
Services provided by parent Department		
Miscellaneous	26	23
	26	23
Other Notional Costs		
Recruitment Charges	1	87
Audit Fee	9	9
	10	96
	36	119

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



7. Capital Charges

	2007-08 £'000	2006-07 £'000
Cost of capital charge	170	153

The Operating Cost Statement bears a non-cash charge for interest relating to the use of capital by the Agency. The basis of the charge is 3.5% (2006/07 3.5%) of the average capital employed, defined as total assets less liabilities.

8.a Tangible Fixed Assets

	Computers £'000	Temporary Buildings £'000	Plant & Equipment £'000	Motor Vehicle £'000	Assets Under Construction £'000	Total £'000
Cost or Valuation						
At 1 April 2007	1,444	982	4,731	13	0	7,170
Additions	62	15	559	0	0	636
Disposals	(12)	0	(117)	0	0	(129)
Transfer Between Classes	0	0	0	0	0	0
Surplus / (deficit) on indexed revaluation	16	59	36	(0)	0	111
At 31 March 2008	1,510	1,056	5,209	13	0	7,788
Accumulated Depreciation						
At 1 April 2007	885	181	3,572	2	0	4,639
Charge for year	174	69	291	1	0	535
Disposals	(12)	0	(115)	0	0	(127)
Backlog Depreciation	5	14	20	1	0	40
At 31 March 2008	1,052	264	3,768	4	0	5,088
Net Book Value						
At 31 March 2008	458	792	1,441	9	0	2,700
At 31 March 2007	559	801	1,159	11	0	2,531

A full valuation of temporary buildings was carried out by the Valuation and Lands Agency at 31 March 2004 in accordance with FRS 15 and with the Appraisal and Valuation Standards (the Red Book 5th edition) of the Royal Institution of Chartered Surveyors. Following the revaluation at 31 March 2004, temporary buildings net book value reduced to £682k. The revaluation resulted in a decrease in the value of temporary buildings of £73k which was debited to the revaluation reserve.



8b. Intangible Assets

	Software Licences £'000
Cost or Valuation	
At 1 April 2007	255
Additions	13
Disposals	0
Transfer Between Classes	0
Surplus on Revaluation	4
At 31 March 2008	272
Accumulated Depreciation	
At 1 April 2007	211
Charge for year	30
Disposals	0
Backlog Depreciation	3
At 31 March 2008	244
Net Book Value	
At 31 March 2008	28
At 31 March 2007	44

9. Stock and Work in Progress

	2007-08 £'000	2006-07 £'000
Consumable stock	161	206
Work in progress	54	43
	215	249

10. Debtors

	2007-08 £'000	2006-07 £'000
Trade debtors	1,335	1,051
Prepayments and Sundry Debtors	211	135
	1,546	1,187

11. Creditors: Amounts Falling due within One Year

	2007-08 £'000	2006-07 £'000
Trade creditors	2,297	441
Other taxes and social security	501	915
VAT	110	248
Accruals	546	942
	3,454	2,546



12. Provisions for Liabilities and Charges

	£'000 Early Departure Costs	£'000 Provision for Litigation Claims	2007-08 £'000	2006-07 £'000
At 1 April 2007	0	0	0	0
Provided in year	35	10	45	0
Provisions not required written back	0	0	0	0
Provisions utilised in year	15	0	15	0
At 31 March 2008	20	10	30	0

Early Departure Costs

The Agency meets the additional costs of benefits beyond the normal PCSPS(NI) benefits in respect of employees who retire early by paying the required amounts annually to the PCSPS(NI) over the period between early departure and normal retirement date. The Agency provides for this in full when the early retirement becomes binding on the Agency by establishing a provision for the estimated payments. Early retirement costs are likely to be incurred from August 2007 to August 2009.

Provision for Litigation Claims

FSNI is involved in legal proceedings of a nature considered normal to its business. The provision reflects all known claims where it is considered that it is probable that the claim will be successful and the amount can be reliably estimated. The timing of the settlement of claims depends on the circumstances of each case.

13. Reconciliation of Movements in Reserves

	General Fund £'000	Revaluation Reserve £'000	Total £'000
At 1 April 2007	4,920	139	5,059
Movements in the year:			
(Deficit) on operations	(1,052)	0	(1,052)
Net cash inflow from financing			
Notional Costs	36	0	36
Cost of Capital	170	0	170
Funding from Home Office	0	0	0
Funding from Northern Ireland Office - Accommodation Project	273	0	273
Funding from Northern Ireland Office - Modernisation Project	20	0	20
Funding from Northern Ireland Office - Causeway Project	31	0	31
Revaluation of Fixed Assets	0	123	123
Backlog Depreciation	0	(44)	(44)
Realised element of Depreciation	22	(22)	0
At 31 March 2008	4,420	196	4,616

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



14. Notes to the Cashflow Statement

14a. Reconciliation of Operating Deficit to Net Cash Inflow/(Outflow) from continuing Operating Activities

	2007-08 £'000	2006-07 £'000
Operating (deficit)	(1,052)	(1,074)
Adjustments for non-cash transactions:		
Depreciation charge	565	565
Notional and other non-cash charges	36	119
Cost of capital	170	153
(Profit)/Loss on Disposal of Fixed Assets	2	(1)
Write-off of fixed assets	0	11
Permanent Diminution of Fixed Assets	8	28
	781	876
Adjustments for movements in working capital:		
(Increase)/Decrease in stock	34	(74)
(Increase)/decrease in debtors	(359)	(862)
Increase/(Decrease) in creditors	908	1,625
Increase/(Decrease) in provisions	30	0
Cash Inflow/(outflow) from operating activities	342	490

14b. Analysis of capital expenditure and financial investment

	2007-08 £'000	2006-07 £'000
Tangible fixed asset additions	(636)	(477)
Intangible fixed asset additions	(13)	0
Proceeds on disposal of fixed assets	0	6
	(649)	(471)

14c. Reconciliation of Net Cash Flow to movement in Net Debt.

	2007-08 £'000	2006-07 £'000
Increase in cash in period	17	2,093
Net Cash at 1 April 2007	3,594	1,501
Net Cash at 31 March 2008	3,611	3,594



15. Performance Measures

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

	2007-08 £'000	2006-07 £'000
Gross Expenditure	10,142	9,503
Appropriations in Aid	(9,090)	(8,429)
Under / (Over) recovery in year	1,052	1,074

Appropriations in Aid consists of Agency Income from its customers, as detailed in note 2 above. Gross expenditure consists of Total expenditure plus interest on capital employed as disclosed in the Operating Cost Statement. The under-recovery of £1,052k arises due to expenditure funded other than from Income including, Accommodation project (£273k), Modernisation Project (£46k), Causeway Project (£31k) (ref note 13 above). The remaining balance, which is funded in full, is mainly non-cash arising from the transition from cash to resource accounting (ref PSNI Assets) and brokering pressures

16. Capital Commitments

	2007-08 £'000	2006-07 £'000
Capital expenditure contracted for but not provided in the financial statements.	93	119

17. Financial Commitments

At 31 March 2008 the Agency has annual commitments under non-cancellable operating leases expiring as follows:

	Land & Buildings £'000
Operating Leases which expire:	
Within one year	-
In two to five years	165
After five years	-
	165

The Agency is committed to paying £165k per annum for the premises it occupies. The lease term is five years effective from 1st April 2007.

18. Financial Instruments

The Agency is currently funded by supply voted by Parliament and as such the Agency is not exposed to significant liquidity risks. The Agency's financial assets and liabilities do not carry an interest charge and the Agency is not therefore exposed to significant interest rate risk. The Agency had no foreign currency risk. The book value equalled the fair value of the Agency's financial assets and liabilities as at 31 March 2007.

19. Contingent Liabilities disclosed under FRS12

Contingent liabilities exist in respect of Industrial Injury Claims made by former employees. This case is being defended by FSNI and the settlement date is unknown. The possible cost to FSNI has been estimated at £5k.

20. Post Balance Sheet Events

There have been no material events, which would affect these accounts, occurring after the year end. The date of authorisation for issue is the 4 July 2008.



21. Related Party Transactions

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

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

During the year, no Board members have undertaken any material transactions with FSNI.

22. Intra-Government Balances

	Debtors: Amounts falling due within one year £'000	Debtors: Amounts falling due after one year £'000	Creditors: Amounts falling due within one year £'000	Creditors: Amounts falling due after one year £'000
Balances with other Central Government Bodies	1,383	0	2,240	0
Balances with Local Authorities	0	0	0	0
Balances with NHS Trusts	0	0	0	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with Bodies External to Government	163	0	1,214	0
At 31 March 2008	1,546	0	3,454	0
Balances with other Central Government Bodies	1,043	0	1,081	0
Balances with Local Authorities	0	0	0	0
Balances with NHS Trusts	0	0	0	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with Bodies External to Government	144	0	1,465	0
At 31 March 2007	1,187	0	2,546	0



Notes

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