

Independent Safeguarding Authority



Independent Safeguarding Authority

Established as the "Independent Barring Board" under Section
1 of the Safeguarding Vulnerable Groups Act 2006

Annual Report and Accounts 2008/09

Presented to Parliament by the Secretary for the Home Department in Pursuance of paragraph
12 (4) (b) of schedule 1 of the Safeguarding Vulnerable groups Act 2006.

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Presented to Parliament by the Secretary for the Home Department
in pursuance of paragraph 12 (4) (b) of Schedule 1 of the
Safeguarding Vulnerable Groups Act 2006



Statement from the Chair and Chief Executive

The Independent Safeguarding Authority's (ISA) first full year of operation has been one of huge transformation and development, both for us an organisation and in delivering our role and responsibilities within the wider framework of the Government's Vetting and Barring Scheme (VBS).

From a concept and a shell of a building we are now delivering our current responsibilities from our almost fully-staffed headquarters in Darlington and eagerly anticipating undertaking our commitments within the roll out of the Scheme, from October 2009 onwards.

Our role in safeguarding is unique. It is to decide who should be statutorily barred from working with children and vulnerable adults. The ISA – independent from Ministers - has developed an accountable and fair decision-making process which will help protect those most vulnerable in our society and enable them to be taught or cared for without fear of harm. The ISA will be able to act upon and assess safeguarding information referred to us from a wide range of individuals and sources.

The ability to remove or bar unsuitable and sometimes dangerous individuals from the workplace is a vital aspect of the Scheme. While the majority of individuals working with children and vulnerable adults will demonstrate the highest regard for safeguarding, it is essential that we have a transparent method of ensuring unsuitable people are denied a means of access. Combined with employers undertaking

their own clearly defined safer recruitment practices, we believe the VBS will be a major benefit to them as well as those we seek to protect.

The work we are delivering and the further responsibilities we are due to undertake cannot be achieved in isolation. Therefore we have important working relationships with the Home Office (HO), the Department for Children, Schools and Families (DCSF), the Department of Health (DH), the Ministry of Justice and our colleagues also covered by the Scheme in the devolved administrations of Wales and Northern Ireland. We are also working with the Scottish Government which is developing a complementary scheme. This is in addition to our key partner in the Scheme – the Criminal Records Bureau (CRB) and those integral to its successful delivery – such as the Police.

As with the introduction of any new organisation – let alone one with the distinct responsibilities of the ISA – this year has also seen a number of challenges. These included ensuring that robust procedures were in place not only to support our decision-making process but also the highly confidential and sensitive nature of our work. We have been encouraged by the commitment of everyone involved with the ISA in undertaking these challenges with enthusiasm and professionalism. In particular, we would like to pay tribute to the ISA's Board and all ISA staff members who have provided insight, experience and dedication to the sometimes very difficult work we are charged with delivering.



The next 18 months will provide significant enhancements to the current safeguarding system for children and vulnerable adults:

- On 12 October 2009 the full barring provisions of the Safeguarding Vulnerable Groups Act will come into force. This will widen the sectors covered under the legislation to include other settings such as the NHS and prisons. Importantly, the current barred lists for children and adults will be replaced by an ISA children's barred list and an ISA adults barred list. Another key change will be the introduction of new duties on regulated activity providers (employers), regulators and social services to refer cases to the ISA where there has been harm or risk of harm to a child or vulnerable adult.
- ISA registration commences from 26 July 2010. Registration includes continuous monitoring by the ISA of an individual's suitability to work with vulnerable groups. New information sharing powers will also come into force enabling full information flows between the ISA and regulatory bodies ensuring that all safeguarding information about an individual is held by the ISA. On 1 November 2010, registration becomes

mandatory initially for new entrants to the workforce or for people changing jobs in relevant areas. By July 2015 all people who work (paid or voluntary) with vulnerable groups will be registered and subject to monitoring.

As a key safeguarding organisation, the ISA is looking forward to playing its role in introducing the new Vetting and Barring Scheme and making our society a safer place for children and vulnerable adults.

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Adrian McAllister

*Adrian McAllister
Chief Executive
and Accounting Officer*



Roger Singleton

*Sir Roger Singleton
Chair*



Background

Following the murder of two young children by a school caretaker, Sir Michael Bichard was commissioned to undertake an Inquiry. The Inquiry highlighted the way employers recruit people to work with children and exposed weaknesses and inconsistencies in many recruitment practices. From these observations Sir Michael made 31 recommendations to improve current systems. The Inquiry's recommendations led to the Safeguarding Vulnerable Groups Act 2006 and as a result of recommendation 19 of the Inquiry the creation of the Vetting and Barring Scheme (VBS):

"New arrangements should be introduced requiring those who wish to work with children, or vulnerable adults, to be registered. This register ... would confirm that there is no known reason why an individual should not work with these client groups. The new register would be administered by a central body, which would take the decision, subject to published criteria, to approve or refuse registration on the basis of all the information made available to them by the police and other agencies... The register should be continuously updated and available to prospective employers for checking online..."

Once fully rolled out, the new Scheme will be the largest and most comprehensive of its kind anywhere in the world and is estimated to involve more than 11 million people. The Scheme will ensure that any person who wants to work or volunteer in

an activity that provides the opportunity for frequent or intensive contact with children or vulnerable adults will need to be ISA registered and will be monitored on an ongoing basis. People who are found to pose a risk of harm to children or vulnerable adults will be barred from working or volunteering with these vulnerable groups and criminal penalties will apply.

Benefits of the Scheme

The VBS will introduce key safeguarding benefits for children and vulnerable adults: These include:

- The most inclusive and largest safeguarding system of its kind in the world;
- Barring decisions will be taken by independent experts;
- Anyone wanting to work with children or vulnerable adults will be legally required to register;
- Employers will be legally required to check an individual's ISA registration status;
- Employers will be informed if an employee becomes de-registered from the VBS;
- Any person (with consent) will be able to check the ISA registration status of an individual such as a carer or tutor they employ in a private capacity; and
- Employers, children's and adults' services and regulators will have a legal duty to refer information to the ISA on individuals who pose a safeguarding risk to children or vulnerable adults.

The Vision, Aim, Purpose and Values of the ISA



Vision

To create an Independent Safeguarding Authority (ISA) that is a major contributor to the safeguarding of vulnerable groups and a model of good regulation.

Aim

To help prevent unsuitable people from working or volunteering with children and vulnerable adults.

Purpose

To help reduce the risk of harm posed to children and vulnerable adults by those who might access them through work paid or unpaid.

Values

In our decision-making we will be:

- robust;
- independent; and
- skilled

As an organisation we will:

- be high performing in everything we do;
- provide the highest possible quality of service to the public;
- treat each other and the public as we would expect to be treated ourselves; and
- be demanding of ourselves and provide our staff with the support, training and facilities they need to do their job.

All people who work (paid or voluntary) with vulnerable groups will be registered and subject to monitoring.

The next 18 months will provide significant enhancements to the current safeguarding system for children and vulnerable adults.





Key Dates and Milestones

| | |
|--|-------------------------|
| Safeguarding and Vulnerable Groups Act 2006 receives Royal Assent | 08 November 2006 |
| Sir Roger Singleton appointed ISA Chair | April 2007 |
| Adrian McAllister appointed ISA Chief Executive | October 07 |
| ISA formally vested (commenced) | 02 January 2008 |
| ISA Board meetings commence | March 2008 |
| Transfer of some Department for Children, Schools and Families (DCSF) staff to ISA | 31 March 2008 |
| ISA provides advice to Secretaries of State for DCSF and Department of Health (DH) barring decisions | 31 March 2008 |
| ISA moves into new headquarters at Stephenson House, Darlington, Co. Durham | September 2008 |
| Recruitment of ISA executive team completed | November 2008 |
| ISA assumes responsibility for barring decisions in England & Wales | 20 January 2009 |
| ISA makes first barring decision under the Safeguarding Vulnerable Groups Act 2006 | 03 March 2009 |
| ISA assumes responsibility for barring decisions in Northern Ireland | 13 March 2009 |
| Barring provisions of the Vetting and Barring Scheme extended to include NHS and Prison Service staff | 12 October 2009 |
| ISA registration and monitoring provisions planned to commence | |
| • Non-mandatory basis | 26 July 2010 |
| • Mandatory basis | 01 November 2010 |



Statutory Duties and Strategic Objectives

The ISA has four statutory duties:

- to maintain a list of those who are barred from engaging in regulated activity with children (the “children’s barred list”);
- to maintain a list of those barred from engaging in regulated activity with vulnerable adults (the “adults’ barred list”);
- to reach well-informed and considered decisions about whether an individual should be included in one or both barred lists; and
- to reach decisions as to whether to remove an individual from a barred list.

The ISA also has six strategic objectives. Our highest priorities are those that relate directly to the delivery of our core purpose – to help reduce the risk of harm posed to children or vulnerable adults by those who might access them through their work, paid or unpaid. We do this by delivering our statutory duties as set out above.

In order to deliver these objectives we have two supporting strategic objectives that focus on the delivery of organisational excellence. These will ensure we have the right staff with the right skills, the appropriate level of resources, systems and procedures in place to deliver our core purpose.

Each of our strategic objectives is underpinned by targets that will drive our agenda for 2009/2010 and beyond.

Strategic Objectives - delivering the core purpose

SO1 - To help reduce the opportunities for those who may harm children or vulnerable adults from doing so through their employment, paid or unpaid.

SO2 - To ensure barring decisions are made independently, by those with relevant experience and skills.

SO3 - To be a highly regarded public body that has the confidence of the public and of other stakeholders.

SO4 - To influence policy and strategic decision-making in order to better protect children and vulnerable adults.

Strategic Objectives – organisational excellence

SO5 - To provide an efficient and effective organisation that delivers the highest quality of service and value for money.

SO6 - To be an employer of choice.

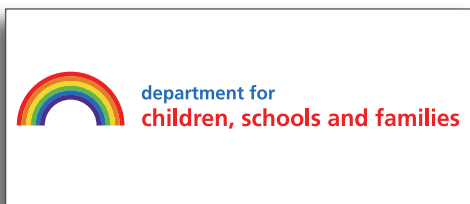
The ISA will be able to act upon and assess safeguarding information referred to us from a wide range of individuals and sources.



We also contribute to Government Objectives

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

The work we do under our Strategic Objectives SO1 and SO4 contributes specifically to the following Government objectives:



To keep children safe and sound.



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



To help people feel secure in their homes and communities

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

**The Northern Ireland Assembly;
The Welsh Assembly Government; and
The Ministry of Justice.**



Strategic Objectives - delivering the ISA's core purpose

Strategic Objective 1 -

To help reduce the opportunities for those who may harm children or vulnerable adults from doing so through their employment, paid or unpaid

Achievements for 2008/09

- We have supported the DCSF, DH and their Ministers to make decisions that have reduced the opportunities for unsuitable people to work with children and vulnerable adults.
- We have actively participated in and supported the phased implementation of the VBS.
- Protocols have been developed which have supported greater understanding amongst partner organisations of individual roles and responsibilities. These have ensured a more strategic and co-ordinated approach to VBS and ISA communications in general.
- We have developed close working relationships with our partners to ensure that we receive accurate and timely information to inform our safeguarding decisions.





Strategic Priorities for 2009/10

- During 2009/10 we will continue to make decisions on cases to protect the most vulnerable in our society.
- From October 2009 we will expand the scope of the existing Scheme to consider people referred who are employed in regulated activity¹.
- We recognise that effective safeguarding depends on excellent working arrangements between several organisations often in different sectors. We will continue to work hard to build and maintain these important relationships.
- We will agree a memorandum of understanding with key partner organisations with which we share information, to ensure the secure and timely exchange of accurate information.
- We will establish robust quality assurance procedures with cases escalated to an appropriate level, (including the ISA Board), according to a quality assurance framework and clear escalation criteria.
- We will work with the Home Office to implement further key elements of the Safeguarding Vulnerable Groups Act during the coming 12 months.

1 – Regulated activities such as teaching, training, care, supervision, advice, treatment and transportation. Please refer to ISA web page for full definition.



From October 2009 we will expand the scope of the existing scheme to consider people referred who are employed in regulated activity.¹



Strategic Objective 2 -

To ensure barring decisions are made independently, by those with relevant experience and expertise

Achievements for 2008/09

- In January and March 2009 the ISA took responsibility for making barring decisions in England & Wales and Northern Ireland, on new referrals and maintaining the lists of those barred from working with children and vulnerable adults. We also continued to provide advice to Ministers for DCSF and DH on on-going cases not transferred to the ISA.
- The ISA has recruited people of high calibre to the Board and across the wider organisation.
- The ISA Board has approved a Decision Making Process (DMP) that includes a structured judgement approach, which applies to all casework. It has also approved early quality assurance processes. These will ensure that we maintain an accurate and thorough record of the basis for every decision.
- We have established Case Review Committees, where the skills and experience of our Board members are deployed in making decisions in the most complex and sensitive cases.
- We have recruited at least 75% of our staff who undertake the casework.
- We have developed and delivered a comprehensive learning and development programme for all caseworkers.



We have developed and delivered a comprehensive caseworker development programme for all caseworkers.



Strategic Priorities for 2009/10

- Our decisions will be made efficiently and effectively, but always ensuring their high quality, and therefore enhancing safeguarding.
- We will operate independently in our decision making and will be able to demonstrate unequivocally that we do so.
- We will monitor our decision making through our quality assurance processes, and further develop the ISA Decision Making Process.
- A programme of training and development will be developed for the ISA Board that ensures skills remain current, to oversee decision making and effective governance.
- We will develop an accreditation programme that recognises the professionalism and expertise of our case workers and decision makers.





Strategic Objective 3 -

To be a highly regarded public body which has the confidence of the public and of other stakeholders

Achievements for 2008/09

- 2008/2009 saw the ISA begin to establish itself as an accountable public body.
- The ISA's first Accounts (for 2007/08) were laid before Parliament.
- We began the process of effective engagement with key stakeholders.
- We worked with colleagues in the Home Office, DCSF and DH in marketing and communication activities to enhance the understanding of the ISA and the VBS as a whole.
- We developed a communications strategy and recruited part of our communications team.
- To assist in achieving our aim to be open and transparent in our approach to our decision making, our decision making process was published and made available on the ISA web site.

The ISA has recruited people of high calibre to the Board and across the wider organisation.





Strategic Priorities for 2009/10

- The ISA is committed to achieving excellence as a public body in the way it communicates with the public and with its stakeholders.
- By adopting policies which will ensure the ISA is an open and transparent organisation, we will deliver a challenging and effective communication strategy which will inform, engage and build confidence through our operational objectives and achievements.
- We will be a learning and improvement organisation. A key part of this role is disseminating good practice in safeguarding.
- We have significant challenges with regard to community engagement, particularly in understanding the impact that our statutory responsibilities will have upon the country's diverse population.
- We will develop an environmental strategy to ensure our operations have no significant adverse impact.



We will be a learning and improvement organisation. A key part of this role is disseminating good practice in safeguarding.



Strategic Objective 4 -

To influence policy and strategic decision-making in order to better protect children and vulnerable adults

Achievements for 2008/09

- 2008/09 has been a significant year for policy development and the introduction of legislation. The ISA does not devise the policy for the VBS (which is the remit of HO, DCSF and DH). We have been closely involved in policy developments.
- Our Chair and Chief Executive are both members of the VBS Steering Group and we have been heavily involved in drafting guidance in conjunction with other government departments and agencies.
- A programme of stakeholder consultation events has been held throughout 2008/09 to which we have extensively contributed as well as providing speakers at a number of events and conferences.

We will use our knowledge to inform research and to ensure that the ISA influences policy development in the field of safeguarding.





Strategic Priorities for 2009/10

- We aim to be at the forefront of policy developments that will improve safeguarding of children and vulnerable adults.
- We will, over time, establish a wealth of information and knowledge about the risk factors associated with those who might cause harm to some of the most vulnerable in society.
- We will use our knowledge to inform research and to ensure that the ISA influences policy development in the field of safeguarding.
- We will establish links with other organisations with responsibilities similar to ours, both in this country and internationally.

We will share knowledge and experience with safeguarding colleagues.





Strategic Objectives – organisational excellence

Strategic Objective 5 -

To provide an efficient and effective organisation that delivers the highest quality of service and value for money

Achievements for 2008/09

- In September 2008, we achieved a successful operational move into Stephenson House in Darlington. The location helped to ensure the transfer of a significant existing skills base (from DCSF/DH) and supported the Lyons agenda of locating more public bodies outside London.
- We have invested heavily in our infrastructure, building the foundations of a successful organisation.
- We have established our Audit and Risk Committee that is successfully engaged in reviewing our internal financial controls and corporate governance and risk arrangements.
- We successfully managed our allocated budget for 2008/09.



We will demonstrate that we are using public funds well with high standards of financial control.



Strategic Priorities for 2009/10

We want to target our resources where they are needed most. We will develop our service plans so that they focus on the delivery of our priorities, fully assess risk and ensure that as an organisation we are achieving value for money.

- This year will see the ISA move towards full operational capacity. We will be working with colleagues in the Home Office, the CRB and ICT suppliers to ensure we have the right systems in place to play our part in delivering the VBS.
- We will demonstrate that we are using public funds well with high standards of financial control.
- We will benchmark ourselves against top class organisations to identify opportunities for continuous improvement in our support services.
- We will implement a performance management structure that will include an agreement of a 'balance scorecard' of key data with our Home Office Sponsor unit.
- We will effectively manage our strategic and operational risks and ensure that the ownership of risk is clearly agreed both internally and with our colleagues in other Government departments.



**Continuously
improve our
performance
across all activities.**



Strategic Objective 6 - To be an employer of choice.

Achievements for 2008/09

- We have recruited 184 staff and provided each with a comprehensive induction programme.
- We have developed a positive and open culture.
- We have invested considerable resources in developing our people so they can undertake their roles to a high standard.
- We have invested in modern accommodation and ICT facilities, to provide us with the foundations for a successful organisation.
- We have regularly published a staff newsletter in helping to keep our staff informed on what is going on in and around the ISA.
- We have held several events in order to both help establish 'ISA team spirit' and to support worthy causes.
- We have introduced a competitive reward package for staff that promotes flexible working principles and embraces diversity.

We have invested in modern accommodation and ICT facilities, to provide us with the foundations for a successful organisation.





Strategic Priorities for 2009/10

- We will complete recruitment to our planned establishment ready for when we take on our full responsibilities.
- We will develop an ISA management and leadership programme that is relevant to the organisational and individual development.
- We will maintain a high level of investment in learning and development to ensure staff are equipped to undertake their roles effectively.
- We will continue to develop our Health and Well Being programme and ensure all our people are able to strike an appropriate balance between their work, family and other responsibilities.
- We will develop a comprehensive suite of good practice people management policies and procedures that managers and staff can be confident in applying in the relevant circumstances.

We will complete recruitment to our planned establishment ready for when we take on our full responsibilities.





Foreword to the Accounts

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

History

The ISA was formally vested on the 2 January 2008. The ISA is the operating name for the Independent Barring Board.

The sponsoring department for the ISA is the Home Office and the sponsoring unit is the Vetting and Safeguarding Policy Unit. The ISA works in close liaison with the Home Office Vetting and Barring Scheme Programme in establishing the Vetting and Barring Scheme (VBS) which will be fully implemented in November 2010.

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

Further details of the ISA's statutory duties, aims, objectives and activities can be found in the 'Objectives and Achievements' section of this report.

ISA Board Members

Board Members are appointed under Schedule 1 of the Safeguarding Vulnerable Groups Act 2006, for a term not exceeding five years. The ISA's Board Members are appointed by the Secretary of State and are

responsible for ensuring the ISA fulfils its purpose and objectives, and for promoting the efficient and effective use of staff and other resources by the ISA. The core functions of the Board are set out in the Safeguarding Vulnerable Groups Act 2006. The decisions that the Board make about cases are independent and free from government involvement. The Board Members who served during 2008/09 were as follows:

Sir Roger Singleton CBE (Chair)

Richard G Black OBE

Debbie Ariyo

Dr John Belcher CBE

Dr Valerie Brasse

Tom Davies

Donald Findlater

Professor Don Grubin

Moirá Murray

Mehmuda Mian

Peter Withers.

Except for Richard Black, who took up his post as a Board Member on the 14th April 2008, all Board Members were in post for the whole of the financial year.

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

Corporate Governance and Risk Management

The ISA is committed to ensuring a high standard of corporate governance. The ISA Board is responsible for defining strategy and determining the allocation of resources to ensure the delivery of the ISA's objectives. The ISA has a corporate structure that is made up of committees, which have clear terms of reference.



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

Audit and Risk Committee

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

During 2008/09 the Audit and Risk Committee comprised four Board Members:

Tom Davies (Chair)

Peter Withers

Richard G Black OBE

Dr Valerie Brasse

Representatives from the National Audit Office, the internal auditors, the ISA Chief Executive and members of the ISA Executive Management Team all attend the Audit and Risk Committee by invitation.

Diversity

The ISA is committed to a policy of equal opportunity and we will not discriminate on the grounds of gender, ethnic origin, disability, sexual orientation, faith, age, or any other factor irrelevant to a person's work.

In respect of its wider operational context, we will, during 2009, employ a Diversity Specialist to review the ISA's working

practices to ensure that equality is reflected in all areas of the ISA's business and provide access to training for staff to undertake equality impact assessments.

People and Development Policies

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

New policies and procedures are subject to a rigorous consultation process which includes Trade Unions, Management and staff representatives.

Policies will be reviewed on a regular basis to reflect changes in legislation and best practice.

Pension Liabilities

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

Health and Safety

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

Creditor Payment Policy and Performance

The ISA is committed to paying all invoices in line with agreed contract terms, where these are not stated, the ISA will ensure undisputed invoices are paid within 30



days of receipt of goods, or receipt of a valid invoice, whichever is the later, reducing to 10 working days in 2009-10. This is in accordance with the Government's Better Payments Practice Code, and the British Standard for Achieving Good Payment in Commercial Transactions (BS7890). No interest was paid in respect of the Late Payment of Commercial Debts (Interest) Act 1998 during the financial year.

Receipts of Gifts

Where Board Members and staff receive gifts as a result of their normal duties, these gifts are recorded in a register, which is available to the public and may be obtained in writing by contacting the ISA Secretariat Manager.

Funding

The ISA is funded by Grant in Aid through its sponsoring department, the Home Office.

Going Concern

Grant in Aid for the ISA for 2009/10 has been confirmed by the ISA's sponsor unit. There is no reason to believe that the Department's future sponsorship and future Parliamentary approval will not be forthcoming. It has, therefore, been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

Post Balance Sheet Events

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

Auditors

Arrangements for the external audit of the ISA Accounts are provided under paragraph 12 of Schedule 1 of the Safeguarding Vulnerable Groups Act 2006, which requires the Comptroller and Auditor General to examine, certify and report on the annual accounts, and send a copy of the accounts and his report to the Secretary of State, who must lay them before each House of Parliament. The fees for these services for 2008/09 are estimated at £30,000 (£10,000 in 2007/08 during which the accounts covered only a part year from the date the ISA was given authority to spend). The auditors have received no remuneration for non-audit work.

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

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

Signed:

Adrian McAllister
Chief Executive and Accounting Officer
25 June 2009



Financial Results for the Year

The activities of the ISA are funded by Grant in Aid from the Home Office. In 2008/09 the ISA received a resource allocation of £8.627 million. This allocation included Grant in Aid relating to costs incurred in 2007/08. Net expenditure for the year totalled £8.173 million.

Assets to the value of £1.605 million were transferred to the ISA from the Home Office during 2008/09. These assets have been recorded in the accounts of the ISA, along with a notional value for capital allocation to meet the cost of the assets.

Business Achievements for the Year

Throughout 2008-09, the ISA made significant steps – both in our development as a new public body and in preparation for fulfilling our remit under the Vetting and Barring Scheme (VBS). Vitally, this work included attracting more than 60 members of staff from the Department of Children Schools and Families (DCSF) who brought with them a wealth of safeguarding knowledge and experience, in particular the administration of the existing lists of people barred from working with children or vulnerable adults.

On 31 March 2008, our operational role was further strengthened when the ISA began to provide advice to the Secretary(s) of State for the DCSF and the Department of Health (DH)¹ on who should be barred from working with children and vulnerable adults. In January 2009 and March 2009, we achieved a significant step in our development when the responsibility for

decision-making on cases moved from Ministers to the ISA.

The role of the ISA Board is key to our success and ensuring we have the right people on the Board was critical. Board Members play a dynamic role in developing the ISA's capabilities to meet its decision-making responsibilities.

Recruitment to the ISA Board was completed in May 2008. The ten public appointed members, have brought with them extensive experience and expertise in safeguarding and organisational governance and they will be a huge asset to the ISA.

Recruitment for the ISA's executive team was completed in November 2008, providing support and knowledge in the fields of operations, performance and stakeholder management, people and development and finance. Operational casework and effective, consistent and efficient decision-making are at the heart of the ISA. To meet this prime business need we have recruited over 150 casework staff that are supported by a range of corporate staff.



1 – references to DCSF and DH also include involvement of their counterpart departments in the devolved assemblies



Transferring Cases to the ISA Barred Lists

From 12 October 2009 the number of barred lists will reduce down to two – the Children's Barred List and the Adults' barred List. In order for this to happen the ISA has to transfer all individuals currently on the previous barred lists onto the new lists. This process is called 'determination'. This is because we are using our decision making process to determine on which new list or lists (if any) the individuals need to be placed. Individuals have been moved from the following:

- **List 99;**
- **Protection of Children Act (POCA) list;**
- **Protection of Vulnerable Adults Act (POVA) list; or they are**
- **Subject to a Disqualification Order.**

The ISA has 19,300 'determination' cases to consider from England, Wales and Northern Ireland. It is planned for all cases to be 'determined' by the 12 October 2009 when the ISA's legislative barring provisions are extended.

Automatic Barring (autobar)

Under the VBS, convictions or cautions for specific serious offences result in an automatic bar on an individual working (paid or unpaid) with children and/ or vulnerable adults. In all but the most serious offences the individual has the right to make representations in relation to why they should not be barred from working with children and/or adults under the proposed 'autobar'.

The ISA started receiving 'autobar' cases from 20 January 2009, when it took over responsibility for making barring decisions from Ministers.

Legacy Cases

There are a number of cases that opened prior to the ISA taking over barring decisions from Ministers, which may need to be considered by the Secretaries of State for Children, Schools and Families (DCSF) and Department of Health (DH) under the previous legislation rather than by the ISA under the VBS. These are legacy cases and the decision on whether they need to be considered by the ISA or the Secretaries of State needs to be decided by the ISA on a case by case basis.

The ISA has been providing advice to the Secretary of State on these cases and it is anticipated it will continue to do so until Autumn 2009.

Referrals

From 20 January 2009, organisations began to send safeguarding referrals direct to the ISA for decision making. These referrals were made using the current safeguarding legislation under POCA, POVA and List 99 pending the introduction of the barring provisions of the Safeguarding Vulnerable Groups Act in October 2009. As at 31 March 2009, the ISA had received 3,448 referrals for consideration and decision making.

People and Development

The ISA developed from little more than a plan into a thriving organisation with over 180 staff in the space of 12 short months.



Supported and led by the ISA Board, we have an established executive team and supporting management structure and a fully operational building.

The age profile of our employees ranges from 17 years to 60 years old and the mean average age of an ISA employee is 34 years old. In terms of gender profile, the ISA shows a good mix of male and female employees. Of a total workforce 38% are male and 62% are female. The ethnicity profile for the ISA workforce is set out in the table below:

| Ethnicity | % |
|-----------------------------------|-------------|
| Any other White background | 1.0 |
| British | 94.1 |
| Indian | 0.5 |
| Prefer not to say | 3.9 |
| White and Black Caribbean | 0.5 |

The average number of days lost to sickness absence per employee during 2008/09 was 6.98 days.

Information Management

There has been one security incident in respect of information handling in the current year when an email containing confidential data was issued to the incorrect email address. A full investigation was carried out into this incident which concluded that there were no systematic failures in the procedure and that the incident was due to human error. The incident did not result in any risk to safeguarding.

Business Focus for the Future

Looking forward, the ISA's remit will widen with the introduction of increased safeguards in October 2009. Around five million more jobs and voluntary positions, including most NHS jobs, will become subject to checks. This will ensure that those barred will be excluded from a more extensive range of positions involving work with vulnerable groups.

The ISA will also develop its decision making processes as it learns from experience and its staff become more experienced in casework. The ISA will continue to recruit high quality staff and work closely with colleagues in government and with wider stakeholders in developing a robust, efficient and confident organisation.

The ISA role will be further extended in 2010/11. From July 2010 all new entrants to roles working with vulnerable groups and those switching jobs within these sectors will be able to register with the VBS and be checked by the ISA. This requirement will become mandatory on 1 November 2010. To ensure the organisation is ready for these developments, work will continue to develop the workforce, procedures and communications during 2009/10.



The remuneration packages offered by the ISA were set by using a benchmarking process to define comparable packages for the geographical area in which the ISA operates and to recognise any specialist skills required for each position. The ISA aims to ensure that the remuneration packages it offers are not only comparable, but are designed to attract, retain and motivate senior managers and employees. In setting remuneration the ISA works within Government policy guidelines for public sector pay. The following sections of the remuneration report provide details of the remuneration policy, service contracts, salary and pension entitlements of the ISA Board Members and the Chief Executive.

Remuneration Policy

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

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

Subject to the approval of the ISA's overall remuneration strategy by the Home Office, the Executive Management Team proposes the remuneration packages and other

employment benefits for all other ISA employees, this is then approved by the ISA Board. The ISA will establish a Remuneration Committee which will be given delegated powers to determine remuneration and employment benefits in future years.

The ISA has a grading structure with salary scales for each grade. All new positions are graded using job evaluation to ensure that different roles are positioned fairly within the grading structure. New employees are generally appointed to the minima of the pay scale. As 2008/09 was the first year of operation for the ISA, the base salary for each employee for the annual pay review was determined by taking into account corporate performance. An annual appraisal scheme has been introduced. This will be effective from April 2009, and will determine performance for future pay reviews, and identify where additional training and development is required.

Service Contracts

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

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

Bonuses

The Chair and Board Members do not receive a bonus. The Chief Executive is eligible to a non-consolidated performance bonus of up to 20% of annual salary each year. Bonus payments follow the same approvals process as for basic pay. In 2008/09 the Chief Executive received a bonus payment £8,500 (equivalent to 14.35% pro-rata to reflect length of service during the evaluation period).

Board Members Interests

The Independent Safeguarding Authority maintains a register of interests for Board Members. This register is available to the public from the ISA Secretariat. Where decisions are taken which could reasonably be seen as giving rise to a conflict of interest individuals are required to declare the relevant interest and where appropriate, withdraw from participating in the taking of the decision. During the year the Lucy Faithfull Foundation for which Donald Findlater, a Board Member of the Authority, is a Director, provided services to the ISA to the value of £68,511. Donald Findlater formally declared an interest in this respect, and was not involved in any way with the tender process to award this contract.



We will continue to recruit high quality staff and work closely with our colleagues in government and our wider stakeholders in developing a robust, efficient and confident ISA.



Salaries, Emoluments and Pension Entitlements of the Board

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

| Name and Job Title | Start Date | Salary 2008/09 £'000 | Salary 2007/08 £'000 |
|--|------------|-------------------------|---|
| Sir Roger Singleton CBE (Chair) | 14/05/07 | 115-120 | 25-30 (full year equivalent 115-120) |
| Adrian McAllister (Chief Executive) | 08/10/07 | 120-125 | 25-30 (full year equivalent 115-120) |
| Richard G Black OBE | 14/04/08 | 20-25 | 5-10 |
| Debbie Ariyo | 25/02/08 | 20-25 | 0-5 |
| Dr John Belcher CBE | 25/02/08 | 20-25 | 5-10 |
| Dr Valerie Brasse | 25/02/08 | 20-25 | 5-10 |
| Tom Davies | 25/02/08 | 20-25 | 5-10 |
| Donald Findlater | 04/03/08 | 20-25 | 5-10 |
| Professor Don Grubin | 25/02/08 | 20-25 | 5-10 |
| Moira Murray | 25/02/08 | 20-25 | 5-10 |
| Mehmuda Mian | 25/02/08 | 20-25 | 5-10 |
| Peter Withers | 25/02/08 | 20-25 | 5-10 |

Sir Roger Singleton took up his post as Chair on the 14 May 2007 and Adrian McAllister took up his post as Chief Executive on the 8 October 2007. For the period from the date of their appointments to the 21 February 2008 (when the ISA received the authority to spend from HM Treasury) the salary costs for these positions was funded and accounted for by the Home Office.

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

Board Member's expenses for the year amounted to £44,663. Expenses were paid in line with Home Office Policy and did not give rise to any Benefit in Kind.



Salary

'Salary' includes gross salary; performance pay or bonuses; overtime; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation. This report is based on payments made by the ISA and thus recorded in these accounts.

Benefits in Kind

During the year payments of £37,603 were made in respect of relocation expenses for Adrian McAllister, this cost is included in the administration fees within the accounts. The relocation costs were made via the Home Office and will, in part, be covered by the Home Office PAYE Settlement Agreement. The total tax liability in respect of this benefit is £11,841. The final amount to be covered by the Settlement Agreement had not been agreed with the Home Office at the date of this report.

There were no Benefits in Kind in respect of Board Members.

Payments to Third Parties

No payments were made, during the period of the accounts, to third parties for the services of Board Members or the Chief Executive.

Pension Benefits

| Name and Job Title | CETV at 31/3/09 £'000 | CETV at 31/3/08 £'000 | Real increase in CETV £'000 |
|--|--------------------------|--------------------------|--------------------------------|
| Adrian McAllister (Chief Executive) | 44 | 13 | 25 |

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

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a 'final salary' scheme (Classic, Premium or Classic plus); or a 'whole career' scheme (Nuvos). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under Classic, Premium, Classic plus and Nuvos are increased annually in line with changes in the Retail Price Index (RPI). Members joining from October 2002 may opt for either the appropriate defined benefit arrangement, or a good quality 'money purchase' stakeholder pension with a significant employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for Classic and 3.5% for Premium, Classic plus, and nuvos. Benefits in Classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For Premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike Classic, there is no



automatic lump sum. Classic plus is essentially a hybrid with benefits in respect of service before 1 October 2002 calculated broadly as per Classic and benefits for service from October 2002 calculated as in Premium. In nuvos, a member builds up a pension based on his/her pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March), the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with RPI. In all cases, members may opt to give up (commute) pension for lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee

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

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

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

www.civilservice-pensions.gov.uk

Signed:

Adrian McAllister

Chief Executive and Accounting Officer

25 June 2009



Statement of Accounting Officers Responsibilities

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

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

- observe the Accounts Direction issued by the Secretary of State including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting

standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts; and

- prepare the accounts on a going concern basis.

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

We will monitor our decision making through our quality assurance processes, and develop the ISA Decision Making Process further.





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

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

The ISA's Board is responsible for ensuring there is no infringement upon the requirements of propriety or regularity or upon my wider responsibility for value for money. I am also required to satisfy the Sponsor Department of the regularity and propriety of expenditure relating to enforcement, the responsibility for which has been delegated directly to the Authority by the Secretary of State.

In my 2007/08 Statement of Internal Control, I reported that the ISA was in the process of designing and implementing its internal controls, but that, due to the relative newness of the organisation these controls were still immature and to a degree untested by management. A number of control systems have now been introduced into the organisation and these are working effectively.

During 2008/09, I have appointed to all posts within my Executive Management Team and the organisation has continued to recruit to other posts; 165 people joined the ISA within the last 12 months. Each individual joining the ISA undertakes a rigorous induction process which includes training on ISA policies and procedures.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of ISA's policies, aims and objectives; to evaluate the likelihood of those risks being realised and the impact should they be realised; and to manage them efficiently, effectively and economically. The system of internal control has been in place in the ISA for the year ended 31 March 2009 and up to the date of approval of the Annual Report and Accounts, and accords with Treasury guidance.

Capacity to handle risk

Risk is reported upon and considered at all meetings of the ISA Board and the Audit and Risk Committee. Risk is also a standing agenda item for the Management Board and at other relevant meetings. This approach ensures that risk management is cascaded throughout the ISA with managers taking responsibility for



managing specific risks within their designated area of responsibility.

During the latter part of 2008/09 we undertook a scoping exercise to review the way in which risk management has been dealt with by the organisation to date, and to develop a 6 month action plan aimed at developing the ISA risk management framework further to ensure risk management sits alongside individual and team objectives. As part of this initiative all staff receive relevant training in risk management.

The risk and control framework

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

- all reports to the ISA Board, the Audit and Risk Committee and the Management Board contain consideration of risk to achieving stated objectives;
- each project has its own risk register, which feeds into the corporate risk register;
- each risk has a risk owner who is responsible for overseeing the mitigating actions for each risk, and reporting upon the status of the risk at the relevant meetings; and
- risk registers are regularly reviewed by project teams and management teams including Directors, Heads of Service, myself and risk owners.

The main structures in place for managing risk are:

- ISA Board Meetings - I present the corporate risk register, and the issues log, for consideration and review, along with reports on performance against strategic plans and Key Performance Indicators;
- meetings of the Audit and Risk Committee - the corporate risk register, internal audit reports and external audit reports are presented. This Committee also oversees the ISA's risk management arrangements and it receives reports on the ISA's progress toward the achievement of the recommendation of the Hannigan report on information assurance;
- meetings of the Management Board - risk is considered alongside operational performance and achievement of corporate and team objectives;
- each project has its own risk register which is maintained by the project manager. I receive regular reports from each project manager on the current status of these risk registers, which I consider when reviewing the corporate risk register; and
- I receive regular internal audit reports, which provide me with an independent opinion of the adequacy and effectiveness of the ISA's system of internal control.

Management and Control of Information Risk

The ISA places a high level of importance on ensuring that staff are aware of



appropriate Information Governance legislation. All staff at induction are provided with training in relation to Data Protection, Freedom of Information and Information Security. The training has proven to raise awareness and embed security and information governance into the organisational culture. Feedback from training has been very positive. Internal Auditor reviews of this area have commented that the level of security awareness created by induction training, which is reinforced by physical and technical means as constant reminders, is impressive.

The ISA has adopted the Government Protective Marking Scheme (GPMS) and operates in conditions up to and including CONFIDENTIAL. There is no direct link between the casework system (uCRM) and office systems network and email system (POISE). All email communication must be passed via the ISA Airgap. This team of people operates procedures that are intended to reduce the risk of accidental disclosure with double checking mechanisms to verify email addresses prior to submission to the external email system.

While all staff are made continuously aware of information assurance issues, the lack of ISA policies to clearly direct staff could have an impact on the confidentiality, integrity or availability of information. This is presently addressed through staff awareness in training, internal controls, security audits and checks. Policies are close to being finalised.

As with other risks, information risks and issues are considered and dealt with at all relevant levels within the ISA. A number of information risks have been identified for the organisation, and these risks have been graded and mitigating actions and contingencies have been identified.

Following the appointment of an Information Governance Officer for the ISA in March 2009, further work is underway to refine the information asset register and to establish a discreet information risk register.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of this system is informed by the work of the internal auditors and the executive managers within the ISA who have responsibility for the development and maintenance of the internal control framework. Additionally I include comments made by the external auditors in their management letter and other reports. The ISA Board and the Audit and Risk Committee have advised me on the implications of my review's results and I plan to address weaknesses and ensure continuous improvement of the system is in place.

Internal Audit reviews have been carried out during the year covering the areas of governance, financial control, operations, and security. The reviews of Financial and Internal Control and Corporate Governance and Risk Management were carried out within the initial months of the ISA's



operation. Whilst these audits carried an audit rating of red and amber/red respectively, it was concluded by Internal Audit that risks had been largely managed adequately.

The audit recommendations assisted in ensuring that in developing the ISA's internal control system, the management team focused its attention on addressing potential significant risks to the organisation and its assets. In the latter part of the year Internal Audit reviews have also been carried out for Security and for Operations. The management team have responded to the recommendations contained within Internal Audit Reports and has also continued with the implementation of systems of internal control during the year. Control systems introduced to date are working effectively. Programmes of work exist within each area of the organisation to continue to develop a full suite of policies and procedures which will enhance the control framework of the ISA.

Whilst there are plans in place to deal with disaster recovery in respect of the ISA's IT systems, the ISA has not yet developed and tested a full Business Continuity Plan for the organisation. This is recognised in the ISA's corporate risk register with mitigating actions identified. A project will be undertaken early in the new financial year to address this risk and a full plan is expected to be in place by November 2009.

Our aim is to help prevent unsuitable people from working with children and vulnerable adults.



Signed:

Adrian McAllister

Chief Executive and Accounting Officer

25 June 2009



I certify that I have audited the financial statements of the Independent Barring Board, hereafter referred to as the Independent Safeguarding Authority, for the year ended 31 March 2009 under the Safeguarding Vulnerable Groups Act 2006. These comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and Statement of Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Independent Safeguarding Authority, Chief Executive/Accounting Officer and auditor

The Independent Safeguarding Authority 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 Safeguarding Vulnerable Groups Act 2006 and the Secretary of State's 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 the Safeguarding Vulnerable Groups Act 2006 and the Secretary of State's directions made thereunder. I report to you whether, in my opinion, the information, which comprises the Objectives and Achievements 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 Independent Safeguarding Authority 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 Independent Safeguarding Authority's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of Independent Safeguarding Authority'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 Foreword, the unaudited part of the Remuneration Report and the Statement from the ISA Chair and the Chief Executive. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinions

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

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the

Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with the Safeguarding Vulnerable Groups Act 2006 and directions made thereunder by the Secretary of State, of the state of Independent Safeguarding Authority's affairs as at 31 March 2009 and of its deficit, 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 the Safeguarding Vulnerable Groups Act 2006 and the Secretary of State's directions made thereunder; and
- information, which comprises the Objectives and Achievements 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.

Amyas C E Morse

Comptroller and Auditor General
National Audit Office
151 Buckingham Palace Road
Victoria
London
SW1W 9SS

1 July 2009

We will maintain a high level of investment in learning and development to ensure staff are equipped to undertake their roles effectively.



Income and Expenditure Account

Year ended 31 March 2009

| | Notes | 2008/09 £'000 | 2007/08 £'000 |
|---|-------|------------------|------------------|
| Expenditure | | | |
| Staff costs | 3 | (5,721) | (83) |
| Accommodation costs | 4 | (782) | (63) |
| Administrative costs | 4 | (1,698) | (12) |
| Cost of Capital | | (52) | - |
| Net expenditure on ordinary activities after cost of capital | | (8,253) | (158) |
| Reversal of cost of capital | | 52 | - |
| Net expenditure for the year | | (8,201) | (158) |

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

All operations of the ISA are continuing.

The notes on pages 46 to 54 form part of these Accounts.

Statement of Recognised Gains and Losses

Year ended 31 March 2009

| | Notes | 2008/09 £'000 | 2007/08 £'000 |
|---|-------|------------------|------------------|
| Net expenditure for the year | | (8,201) | (158) |
| Received for Revenue expenditure - Cash | 2 | 8,299 | - |
| Received for Capital Expenditure (notional) | | 1,605 | - |
| Release of Government Grant | | (213) | - |
| Total recognised gain for the year | | 1,490 | (158) |

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

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

The notes on pages 47 to 55 form part of these Accounts.



Balance Sheet

As at 31 March 2009

| | Notes | 31 March 2009 £'000 | 31 March 2008 £'000 |
|---|-------|---------------------------|---------------------------|
| Fixed Assets | | | |
| Tangible Assets | 5 | 1,560 | - |
| Current Assets | | | |
| Debtors | 6 | 335 | - |
| Cash at bank and in hand | 7 | 558 | - |
| | | 893 | - |
| Current Liabilities | | | |
| Creditors due within one year | 8 | (890) | (158) |
| | | (890) | (158) |
| Net current assets / (liabilities) | | 3 | (158) |
| Creditors due after one year | | - | - |
| Total net assets / (liabilities) before provisions | | 1,563 | (158) |
| Provisions | 9 | (231) | - |
| Total assets less all liabilities | | 1,332 | (158) |
| General Reserve | 10 | (60) | (158) |
| Government Grant Reserves | 10 | 1,392 | - |
| Total capital and reserves | | 1,332 | (158) |

Approved by Adrian McAllister as Accounting Officer for the ISA

Signed:

Adrian McAllister
Chief Executive and Accounting Officer
25 June 2009



Cashflow Statement

Year ended 31 March 2009

| | Notes | 2008/09 £'000 | 2007/08 £'000 |
|---|-------|------------------|------------------|
| Operating activities | | | |
| Net cash outflow from operating activities | 11 | (7,741) | - |
| Returns on investments and servicing of finance | | - | - |
| Purchasing of intangible fixed assets | | - | - |
| Disposal of tangible fixed assets | | - | - |
| Purchase of tangible fixed assets | | - | - |
| Net cash outflow before financing | | <u>(7,741)</u> | <u>-</u> |
| Financing | | | |
| Cash drawn down from Home Office | 2 | 8,299 | - |
| Increase in cash in the period | | <u>558</u> | <u>-</u> |

No Grant in Aid (GIA) was physically received in 2007/2008 as all expenditure was on an accrual basis. The funds to meet this expenditure were received in April 2009 and is included in the GIA received figure for 2008/2009

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



1. Accounting Policies

a) Basis of preparation

These financial statements have been prepared in accordance with the Accounts Direction given by the Secretary of State for the Home Office paragraph 12(1) Schedule 1 to the Safeguarding of Vulnerable Groups Act 2006. The Accounts Direction requires the financial statements to be prepared in accordance with the Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM follow UK generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector.

The financial statements have been prepared under the historical cost convention modified to account for the revaluation of fixed assets.

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

b) Going Concern Policy

Grant in aid for the ISA for 2009/10 has been confirmed by the ISA's sponsor unit and already included in the Home Office's Departmental Estimate for that year, which have been approved by Parliament. There is no reason to believe that the Department's future sponsorship and future Parliamentary approval will not be forthcoming. It has, therefore, been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

c) Grant in Aid and income recognition policy

Grant in Aid received for revenue expenditure is regarded as funding and is credited direct to the General Reserve in accordance with the FReM.

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

d) Pensions

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

Past and present employees of the Authority are covered by the provisions of the Principal Civil Service Pension Scheme. The Scheme is a defined benefit scheme and liability rests with the Scheme and not the Authority. Benefits are paid from the Civil



Superannuation Vote to which the Authority makes contributions calculated to cover accruing pension entitlement for staff employed. Statements of account for the Scheme are provided by the Cabinet Office Civil Superannuation Resource Account, 2008/09.

For further information see the Remuneration Report.

e) Cost of Capital

In accordance with the requirements of the Financial Reporting Manual a notional charge for the cost of capital employed is included in the income and expenditure account along with an equivalent notional income to finance the charge. The charge is calculated as 3.5% of the average value of capital employed.

f) Fixed Asset Policy

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

g) Depreciation

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

The following asset lives are applied:

Furniture and fittings - 7 years

Fit-out of Stephenson House - 10 years

Equipment - 5 years

h) Operating Leases

Payments made under operating leases on land and buildings and equipment are charged to the Income and Expenditure Account as incurred.

i) VAT Policy

The ISA pays VAT on all expenditure with no reclamation.

j) Provisions

For property provisions the ISA recognises a dilapidation provision for the leased premises currently occupied where it has an obligation to bring the property into a good state of repair at the end of lease. The provision of £231k is based on the contractual agreement between the ISA and the landlord. In line with FRS12 'Provisions, contingent liabilities and assets', the costs of reinstatement have also been recognised as a tangible fixed asset, part of fit-out, and will be depreciated over the period to the first break clause of the lease which is 5 years. When this cost crystallises a grant to fund the whole of the provision will be drawn down from the Home Office.



2. Grant in Aid

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

| | 2008/09 | 2007/08 |
|---|---------|---------|
| | £'000 | £'000 |
| GIA received for revenue expenditure | 8,299 | - |
| GIA received for capital expenditure (notional) | 1,605 | - |
| Total Grant in Aid in the period | 9,904 | - |

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

3. Staff Numbers and Related Costs

| Staff costs comprise: | Permanently Employed Staff | Others | 2008/09 Total | 2007/08 Total |
|--|-------------------------------|--------|------------------|------------------|
| | £' 000 | £' 000 | £' 000 | £' 000 |
| Wages & Salaries | 3,498 | 67 | 3,565 | 72 |
| Social Security Costs | 274 | 6 | 280 | 3 |
| Other Pension Costs | 586 | - | 586 | 7 |
| Sub Total | 4,358 | 73 | 4,431 | 82 |
| Less Recoveries in respect of outward secondments | (2) | | (2) | - |
| Temporary Staff | - | 1,292 | 1,292 | 1 |
| Total net costs | 4,356 | 1,365 | 5,721 | 83 |

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

Average Number of persons employed

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

| | Permanently Employed Staff | Others | 2008/09 Total | 2007/08 Total |
|-------------------|-------------------------------|--------|------------------|------------------|
| Directly Employed | 120 | 4 | 124 | 58 |
| Other | - | 20 | 20 | - |
| | 120 | 24 | 144 | 58 |

There were 70 permanent staff as at 31st of March 2008 which equates to 58 WTE for comparison to the average number of persons employed during 2008/09.



4. Accommodation & Administration Costs

4.1 Accommodation Costs

| | 2008/09 £'000 | 2007/08 £'000 |
|---|------------------|------------------|
| Accommodation costs include the following: | | |
| Rent | 447 | - |
| Service Charges | 191 | 54 |
| Rates | 131 | 9 |
| Insurance | 7 | - |
| Maintenance Buildings | 6 | - |
| Total Accommodation Costs | 782 | 63 |

4.2 Administration Costs

| | 2008/09 £'000 | 2007/08 £'000 |
|--|------------------|------------------|
| Administrative costs include the following: | | |
| Equipment Rental & Maintenance | 394 | - |
| Professional fees | 220 | - |
| Recruitment Costs | 166 | - |
| Training Costs | 163 | - |
| Treasury Solicitors' Fees | 142 | - |
| Travel & Subsistence | 110 | 1 |
| Stationery & Printing | 91 | - |
| Other Staff Costs | 61 | - |
| Security | 60 | - |
| Advertising | 36 | - |
| General Expenses | 34 | 1 |
| Equipment Purchase < 5K | 38 | - |
| External Audit Fees | 30 | 10 |
| Internal Audit Fees | 28 | - |
| Cleaning | 23 | - |
| Refreshments, Hospitality & Conferences | 26 | - |
| Hire of Vehicle | 13 | - |
| Total Admin Costs | 1,635 | 12 |
| Non cash items (excluding cost of capital): | | |
| Depreciation | 276 | - |
| Release of Government Grant | (213) | - |
| Total Non Cash Items | 63 | - |
| Total Admin Costs and Non Cash Items | 1,698 | 12 |



5. Tangible Fixed Assets

| | Furniture & Fittings £'000 | Fit-out £'000 | Equipment £'000 | Total £'000 |
|--|----------------------------------|------------------|--------------------|----------------|
| Cost or valuation | | | | |
| Cost / valuation at 1 April 2008 | - | - | - | - |
| Additions | 366 | 1,103 | 367 | 1,836 |
| Disposals | - | - | - | - |
| Cost / valuation at 31 March 2009 | 366 | 1,103 | 367 | 1,836 |
| Depreciation | | | | |
| Depreciation at 1 April 2008 | - | - | - | - |
| Disposals | - | - | - | - |
| Charge for the year | (52) | (150) | (74) | (276) |
| Depreciation at 31 March 2009 | (52) | (150) | (74) | (276) |
| Net book value at 31 March 2009 | 314 | 953 | 293 | 1,560 |
| Net book value at 31 March 2008 | - | - | - | - |

Assets to the value of £1,605,169 were transferred to the ISA in 2008/2009 from the Home Office. These assets were purchased through the Vetting and Barring Scheme (VBS) programme as part of the set-up of the ISA. The value of the assets transferred have been recorded as a notional Government Grant. This grant is released to the Income and Expenditure Account over the life of the asset.

6. Debtors

| | 2008/09 £'000 | 2007/08 £'000 |
|-------------------------------------|------------------|------------------|
| Other Debtors | 53 | - |
| Prepayments and accrued Income | 282 | - |
| Total debtors as at 31 March | 335 | - |

Other debtors includes balances with central government bodies of £47k.

7. Cash at Bank and in Hand

| | 2008/09 £'000 | 2007/08 £'000 |
|-----------------------------|------------------|------------------|
| Balance at 1 April | - | - |
| Net change in cash balances | 558 | - |
| Balance at 31 March | 558 | - |

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



8. Creditors due within one year

| | 2008/09 | 2007/08 |
|------------------------------|--------------|--------------|
| | £'000 | £'000 |
| Trade creditors | (374) | (63) |
| Accruals and deferred income | (516) | (95) |
| Other creditors | - | - |
| Taxation and social security | - | - |
| Total as at 31 March | (890) | (158) |

Trade creditors includes balances with central government bodies and with local authorities of £72k and £137k respectively.

9. Provisions

| Reinstatement Provision | 2008/09 |
|--|---------|
| | £'000 |
| Provision at 1 April 2008 | - |
| Provided in year: creation of tangible asset | 231 |
| Unwinding Discount | - |
| Provision as at 31 March 2009 | 231 |

For property provisions the ISA recognises a dilapidation provision for the leased premises currently occupied where it has an obligation to bring the property into a good state of repair at the end of lease. The provision is based on the contractual agreement between the ISA and the landlord. In line with FRS12 'Provisions, contingent liabilities and assets', the costs of reinstatement have also been recognised as a tangible fixed asset, part of fit-out, and will be depreciated over the period to the first break clause of the lease which is 5 years.



10. Movements on Reserves

| | General Reserve | Government Grant Reserve | Total |
|--|------------------------|-------------------------------------|--------------|
| | £'000 | £'000 | £'000 |
| Opening balance at 1 April 2008 | (158) | - | (158) |
| Net expenditure for the year | (8,201) | | (8,201) |
| Grant in aid received towards resource expenditure | 8,299 | | 8,299 |
| Notional Government Grant received towards capital expenditure | | 1,605 | 1,605 |
| Release of Government Grant to Income & Expenditure | | (213) | (213) |
| Closing balance as at 31 March 2009 | (60) | 1,392 | 1,332 |

Net expenditure for the year includes £63k relating to depreciation of future reinstatement costs of the ISA's office accommodation (see note 9). When this cost crystallises Grant in Aid to fund the whole of the provision will be drawn down from the Home Office.

11. Reconciliation of Net Operating Cost to Net Cash Inflow/Outflow

| | 2008/09 | 2007/08 |
|---|----------------|----------------|
| | £'000 | £'000 |
| Net expenditure on ordinary activities | (8,253) | (158) |
| Cost of capital | 52 | - |
| Depreciation and amortisation | 276 | - |
| Release of Government Grant | (213) | - |
| (Increase)/decrease in debtors | (335) | - |
| Increase/(decrease) in creditors due within one year | 732 | 158 |
| Increase/(decrease) in creditors due after more than one year | - | - |
| Net cash outflow from operating activities | (7,741) | - |



12. Commitments under leases

Operating leases

Commitments under operating leases to pay rentals during the year of these accounts are given in the table below, analysed according to the period in which the lease expires.

| | 2008/09 £'000 | 2007/08 £'000 |
|---|------------------|------------------|
| Obligations under operating leases for buildings | | |
| Expiring in less than one year | - | - |
| Expiring in one to five years | - | - |
| Expiring in more than five years | 444 | 452 |
| Total at 31 March | 444 | 452 |

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

13. Intra-Government Balances

| | 2008/09 £'000 | 2007/08 £'000 |
|---|------------------|------------------|
| Debtors | | |
| Balances with central government bodies | 47 | - |
| Total as at 31 March | 47 | - |
| Creditors | | |
| Balances with central government bodies | (72) | - |
| Balances with local authorities | (137) | - |
| Balances with NHS trusts | - | - |
| HMRC in respect of taxation and social security | - | - |
| Total as at 31 March | (209) | - |



14. Post Balance Sheet Events

There have been no significant events between the year end and the date of approval of these accounts which would require a change to or disclosure in the accounts. These accounts were authorised for issue on the same date that the Comptroller and Auditor General signed the audit certificate.

15. Financial Instruments

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

16. Related Party Transactions

The Home Office is the sponsor department of the ISA and is regarded as a related party. During the year ended 31 March 2009 the ISA has had a significant number of material transactions with the Home Office, and with other entities for which the Home Office is regarded as the parent Department, these entities are listed below:

The Identity and Passport Agency

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

The Independent Safeguarding Authority maintains a register of interests for Board Members. This register is available to the public from the ISA Secretariat. Where decisions are taken which could reasonably be seen as giving rise to a conflict of interest individuals are required to declare the relevant interest and where appropriate, withdraw from participating in the taking of the decision. During the year Lucy Faithfull Foundation for which Donald Findlater, a Board Member of the Authority, is a director, provided services to the Independent Safeguarding Authority to the value of £68,511. Donald Findlater formally declared an interest in this respect, and was not involved in any way with the tender process to award this contract.

17. Losses and Special Payments

There were no losses and special payments during the year,

18. Capital commitments

There were no capital commitments at year end.







Independent Safeguarding Authority

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