Accounts prepared pursuant to paragraph 9 (2) of Schedule 4 of the Police Northern Ireland Act 2000

Office of the Oversight Commissioner for Northern Ireland Account 2004-2005

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Foreword

History and statutory background

The Office of the Oversight Commissioner was established as a result of a recommendation by the Independent Commission on Policing for Northern Ireland in the 'Patten Report' (September 1999).

Mr Tom Constantine was appointed as the Oversight Commissioner by the Secretary of State for Northern Ireland on 31 May 2000 and served in this position until retiring at the end of December 2003. He was succeeded by the current Oversight Commissioner, Mr Al Hutchinson, on 1 January 2004. The statutory requirements of the Oversight Commissioner are laid down in Sections 67 and 68 of the Police (Northern Ireland) Act 2000.

These accounts have been prepared in accordance with a direction given by HM Treasury in pursuance of paragraph 9 (1) of schedule 4 to the Police (NI) Act 2000.

The Office of the Oversight Commissioner is financed by a budget allocated by the Secretary of State from the Northern Ireland Office Resource Account (Request for Resources 1).

Principal activities

The principal activities of the Office of the Oversight Commissioner are

- to ensure that the recommendations of the Patten Report are implemented comprehensively and faithfully
- to assure the community that all aspects of the report are being implemented and being seen to be implemented

Review of activities

The Office of the Oversight Commissioner was established at Forestview, Purdy's Lane, Belfast, which it occupied in September 2000. The Oversight Commissioner established an experienced team of contract evaluators from the United States of America and Canada, including a Chief of Staff who moved to Belfast and commenced work in January 2001. The Oversight Commissioner released his first report in January 2001, which described the methodology, approach and evaluation team for the oversight process. Subsequent reports were released in September and December of 2001. This reporting schedule continued, with the release of reports in May, September and December of each year.

Future developments

The Office of the Oversight Commissioner began its sixth year of operation in May 2005. The objectives at that time were to

- continue public profile and access by conducting three press conferences, publishing three reports and posting on the Oversight Commissioner's website;
- meeting institutional and public representatives; and
- conducting three evaluations with the evaluation team.

The original mandate of the Office of the Oversight Commissioner was due to finish on 31 May 2005. In accordance with section 67(6) of the Police (Northern Ireland) Act 2000 the Secretary of State extended the mandate of the Office until 31 May 2007. Objectives are on course. Progress can be read in our reports of May, September and December 2004.

Events since the end of the financial year

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

Results for year

Deficit for the year was £720,305.

Charitable donations

None.

Employment of disabled persons

The Office of the Oversight Commissioner follows the Civil Service Code of Practice on the employment of Disabled People which aims to ensure that there is no discrimination on the grounds of disability and that access to employment and career advancement in the Organisation is based solely on ability, qualifications and suitability for the post.

Equal opportunities

The Office of the Oversight Commissioner adheres to the NIO's Equal Opportunities Policy, which states that 'all eligible persons shall have equal opportunity for employment and advancement in the Department on the basis of their ability, qualifications and aptitude for the work.'

Information provided to employees

The Office of the Oversight Commissioner is committed to the continuous development and provision of information to its employees. The NIO, on behalf of the Office of the Oversight Commissioner, actively consults with Trade Unions and is developing improved communications with staff as a discrete project, within the Performance Improvement Programme.

Prompt payment

The Office of the Oversight Commissioner is committed to the prompt payment of bills for goods and services received in accordance with the Confederation of British Industry's Prompt Payers Code. Unless otherwise stated in the contract, payment is due within 30 days of the receipt of the goods or services, or presentation of a valid invoice or similar demand, whichever is later.

During the year, invoices were sent to the Northern Ireland Office for payment, of which 89.7 per cent were paid within 30 days of receipt.

Auditor details

The Office of the Oversight Commissioner's accounts have been audited by the Northern Ireland Audit Office on behalf of the Comptroller and Auditor General. The estimated cost of auditing is £5,000 for year ended 2004 and £5,000 for year ended 2005.

Going concern

The Secretary of State extended the remit of the office on 25 February 2005 as per section 67 (6) of the Police (NI) Act 2000 Office of the Oversight Commissioner until 31 May 2007.

Mark Reber 16 March 2006
Chief of Staff

Statement of the responsibilities of the Office of the Oversight Commissioner and the Chief of Staff

Under paragraph 9(1) of Schedule 4 to the Police (Northern Ireland) Act 2000 the Oversight Commissioner is required to prepare a statement of accounts for each financial year in the form and on the basis directed by the Secretary of State, with the approval of HM Treasury.

In accordance with the provisions of the Police (Northern Ireland) Act 2000 this statement of accounts is for the period 1 April 2004 to 31 March 2005.

The accounts are prepared on an accruals basis and must include an income and expenditure account, balance sheet and a cash flow statement. The accounts are required to give a true and fair view of the income and expenditure for the financial year and the balances held at the year end.

In preparing the accounts the Office of the Oversight Commissioner is required to

- observe the accounts direction issued by the Northern Ireland Office, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Office of the Oversight Commissioner will continue in operation.

The Accounting Officer of the Northern Ireland Office has designated the Chief of Staff as Accounting Officer of the Office of the Oversight Commissioner. The Chief of Staff's relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances and for the keeping of proper records, are set out in the Non-Departmental Public Bodies' Accounting Officer Memorandum issued by HM Treasury and published in 'Government Accounting'.

Statement on Internal Control

Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Office of the Oversight Commissioner's policies, aims and objectives, as set out in Sections 67 and 68 of the Police (Northern Ireland) Act 2000, whilst safeguarding the public funds and the Office's assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting.

The Office of the Oversight Commissioner is an Independent Statutory Body, discharging functions independently from Government. The Office of the Oversight Commissioner is funded through the Northern Ireland Office; however it does not receive a grant and is a financial accounting unit within the core department.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The Office of the Oversight Commissioner became a legal entity on 31 May 2000. The system of internal control is based on an ongoing process designed to identify and prioritise the principal risks to the achievement of the Office of the Oversight Commissioner'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 Office of the Oversight Commissioner for the year ended 31 March 2005 and up to the date of approval of the annual accounts, and accords with Treasury guidance.

Capacity to handle risk

The Office of the Oversight Commissioner is committed to achieving high standards of corporate governance throughout the organisation, and to high ethical standards and integrity in all its dealings. Underlying this commitment, the Office of the Oversight Commissioner has put in place systems and processes necessary to ensure compliance with Treasury guidance. This entailed incorporating risk management more fully into the corporate planning and decision making processes of the Office.

The risk and control framework

The controls and systems operating within the Office of the Oversight Commissioner include

- the implementation of a Strategic Internal Audit Plan and Audit Needs Assessment;
- the application and maintenance of a risk management document and risk register;
- other managers within the Office of the Oversight Commissioner who have responsibility for the development and maintenance of the internal control framework;
- the operation of a performance management system for staff;
- the maintenance of financial planning and budgeting systems with an annual budget which is agreed with the Northern Ireland Office; and
- maintaining financial accounting systems and administrative procedures, including delegated levels of authority.

Review of effectiveness

As Accounting Officer, I also have responsibility for reviewing the effectiveness of the system of internal control. The system of internal control is based on a framework of regular management information, financial and administrative procedures including the segregation of duties, management supervision and a system of delegation and accountability. In particular the system includes an internal audit service that has been appointed by the Office of the Oversight Commissioner which operates to standards defined in the Government Internal Audit Manual. The work of the internal audit service is informed by an analysis of risk and a review of systems of control and reports on adequacy and effectiveness of these systems. The analysis of risk and the internal audit plans are approved by me.

My review of the effectiveness of the system of internal control is informed by the work of both internal and external auditors, and the senior staff from within the Office of the Oversight Commissioner who have responsibility for the development and maintenance of the internal control framework.

Significant internal control problems

No significant internal control problems were identified.

Mark Reber
Chief of Staff

16 March 2006

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

I certify that I have audited the financial statements on pages 9 to 18 under the Police (Northern Ireland) Act 2000. These financial statements have been prepared under the historical cost convention and the accounting policies set out on pages 12 and 13.

Respective responsibilities of the Oversight Commissioner, Chief of Staff and Auditor

As described on page 4, the Oversight Commissioner is responsible for the preparation of the financial statements in accordance with the Police (Northern Ireland) Act 2000 and the Secretary of State for Northern Ireland's directions made thereunder and for ensuring the regularity of financial transactions. The Chief of Staff, who as the designated Accounting Officer signs the accounts, is responsible for the preparation of the Foreword. My responsibilities, as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Police (Northern Ireland) Act 2000 and the directions made thereunder and whether in all material respects the expenditure has been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the Foreword is not consistent with the financial statements, if the Office of the Oversight Commissioner has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I review whether the statement on pages 5 and 6 reflect the Office of the Oversight Commissioner's compliance with Treasury's guidance on the Statement on Internal Control. I report if it does not meet the requirements specified by Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered whether the Accounting Officer's Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Office of the Oversight Commissioner's corporate governance procedures or its risk and control procedures.

Basis of audit opinion

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Oversight Commissioner and Chief of Staff in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Office of the Oversight Commissioner'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 are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the expenditure has been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion

- the financial statements give a true and fair view of the state of affairs of the Office of the Oversight Commissioner at 31 March 2005 and of the deficit, total recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the Police (Northern Ireland) Act 2000 and directions made thereunder by the Secretary of State for Northern Ireland; and
- in all material respects the expenditure and income has been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.

John Bourn
Comptroller and Auditor General
2 May 2006

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Income and Expenditure Account for the year ended 31 March 2005

	Notes	**2005** £	2004 £
Expenditure			
Staff costs	2	**342,135**	385,085
Depreciation	5	**30,325**	33,855
Other operating costs	3	**346,876**	313,923
		719,336	732,863
(Deficit) for year before notional costs		**(719,336)**	(732,863)
Notional cost of capital	4	**(969)**	(2,312)
(Deficit) for year after notional costs		**(720,305)**	(735,175)
Adjustment for Notional Cost of Capital		**969**	2,312
Amount transferred to Income General Reserve		**(719,336)**	(732,863)

The notes on pages 12 to 18 form part of these accounts.

All amounts above relate to continuing operations of the Commission. There are no gains and losses other than the deficit reported above.

Balance Sheet as at 31 March 2005

	Notes	**2005** **£**	2004 £
Fixed assets			
Tangible	5	**45,276**	64,760
Current assets			
Debtors	6	**14,351**	21,160
Cash at bank and in hand		**100**	100
		14,451	21,260
Creditors amounts falling due within one year	7	**42,358**	48,035
Net current assets		**(27,907)**	(26,775)
Total assets less current liabilities		**17,369**	37,985
Reserves			
General reserve	9	**17,369**	37,985
		17,369	37,985

Mark Reber 16 March 2006
Accounting Officer

The notes on pages 12 to 18 form part of these accounts.

Cash Flow Statement for the year ended 31 March 2005

	Notes	**2005** **£**	2004 £
Net cash (outflow) from continuing operating activities	10	**(694,900)**	(675,353)
Capital expenditure			
Purchase of tangible fixed assets		**(3,820)**	(1,351)
Net cash (outflow) before financing		**(698,720)**	(676,704)
Financing			
Cash inflow from financing	9	**698,720**	676,704
Increase/(decrease) in cash in the year		**0**	0

The notes on pages 12 to 18 form part of these accounts.

Notes to the Accounts

1 Accounting policies

a Basis of accounting

These financial statements have been prepared in accordance with the historical cost convention.

Without limiting the information given, the financial statements meet the accounting and disclosure requirements of the Companies (Northern Ireland) Order 1986, Accounting Standards issued or adopted by the Accounting Standards Board and disclosure requirements issued by the Treasury, insofar as those requirements are appropriate.

b Income

As the Office of the Oversight Commissioner does not receive grant-in-aid, income is not shown on the face of the Income and Expenditure Account. The Office of the Oversight Commissioner does not hold any bank accounts and all accounting transactions are processed through the NIO and are included in the NIO Resource Account (Request for Resources 1).

c Tangible fixed assets

Fixed assets would ordinarily have been stated at current costs using the Office of National Statistics indices. However due to the immateriality of the sums involved these indices were not applied. The minimum level for capitalisation as an individual or grouped fixed asset is £1,000. Items below the threshold of £1,000 are written off to the Income and Expenditure Account.

d Depreciation

Depreciation is provided on all fixed assets at rates calculated to write off the cost (less any estimated residual value) of each asset over its expected useful life. The Straight Line method of depreciation is used for all assets.

The estimated useful lives for depreciation purposes are as follows

Office refurbishment	7 years
Computer equipment	5 years
Furniture and equipment	15 years

The useful life of the Office Refurbishment is estimated to correlate with the lease for the premises at Forestview, which is due to be extended to 2007.

e Capital charge

A notional charge, reflecting the cost of capital utilised by the Office of the Oversight Commissioner, is included in the Income and Expenditure Account. The charge is calculated at the Government's standard rate of 3.5 per cent on the average value of total assets less total liabilities.

f Pensions costs

The past and present employees of the Office of the Oversight Commissioner are covered by the provisions of the Civil Service Pension Schemes, which are described at Note 2. The defined benefit elements of the schemes are unfunded and are non-contributory except in respect of dependent benefits. The Office of the Oversight Commissioner 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 Pension Scheme (PCSPS) and PCSPS (NI) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS and PCSPS (NI).

Under the terms and conditions of their contracts, the remuneration of the Oversight Commissioner, the Chief of Staff and Evaluators is non-pensionable.

g VAT

Most of the activities of the Office are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where input VAT is recoverable, the amounts are stated net of VAT.

h Insurance

Only insurance costs in respect of motor vehicles are charged to the Operating Cost Statement. No insurance is effected against fire, explosion, common law, third party and similar risks.

i Leases

Rentals paid under operating leases are charged to operating costs on a straight-line basis over the term of the lease.

j Foreign exchange

Transactions, which are denominated in a foreign currency, are translated into sterling at the exchange rate ruling on the date of each transaction.

2 Staff costs

Analysis of staff costs

	2005	2004
	£	£
Salaries and wages	**117,366**	148,987
Social security costs	**4,400**	9,220
Other pension costs	**9,319**	9,248
Oversight commissioner	**62,700**	75,409
Evaluators	**148,350**	142,221
Total	**342,135**	385,085

Average number of persons employed

The average number of whole-time equivalent persons (including senior management employed during the year was

	2005	2004
	£	£
Oversight Commissioner*	**1**	1
Employees	**5**	5
Evaluators*	**6**	5

* Average numbers of whole time equivalent persons is not appropriate in these instances as these staff are remunerated on the basis of a per diem payment for each complete day spent on Commission business.

The PCSPS and PCSPS (NI) are unfunded multi-employer defined benefit schemes but the Office of the Oversight Commissioner (OOC) is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation of the PCSPS was carried out at 31 March 2003. The most up to date actuarial valuation of the PCSPS (NI) was carried out as at 31 March 2003 and an estimate of the scheme liability is available at 31 March 2004. Details of the PCSPS can be found in the resource accounts of the Cabinet Office; Civil Superannuation (www.civilservice-pensions.gov.uk). Details of the PCSPS (NI) can be found in the resource accounts of the Department of Finance and Personnel; Superannuation and Other Allowances (PCSPS (NI)).

For 2004-2005, employer's contributions of £9,319 were payable to the PCSPS and PCSPS (NI) (2003-2004 £9,248) at rates in the range 12 to 18.5 per cent of pensionable pay for PCSPS and 12 to 18 per cent of pensionable pay for PCSPS (NI). For PCSPS and PCSPS (NI), rates for next year will be in the range 16.2 to 24.6 per cent and 16.5 to 23.5 per cent of pensionable pay respectively, based on the revalorised salary bands.

Employer contributions are to be reviewed every four years following a full scheme valuation by the Government Actuary. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees joining after 1 October 2002 could opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employer's contributions are paid to one or more of a panel of four appointed stakeholder pension providers. Employer's contributions are age-related and range from 3 to 12.5 per cent of pensionable pay. Employers also match employee contributions up to 3 percent of pensionable pay. In addition, employer's contributions of 0.8 per cent of pensionable pay are payable to the PCSPS and PCSPS (NI) to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. No employees of the OOC have opted for a partnership pension account during 2004-2005.

The salary, pension entitlements and the value of any taxable benefits in kind of the most senior members of OOC were as follows

	Benefits in kind	Salary	Real increase in pension at age 60	Total accrued pension at 31 March 2005	CETV at 31 March 2004	CETV at 31 March 2005	Real Increase in CETV
		£	£	£	£	£	£
Commissioner Al Hutchinson	0	62,700	0	0	0	0	0
Chief of Staff Mark Reber	17,448	45,000	0	0	0	0	0

CETV refers to the cash equivalent transfer value. It is the actuarially assessed capitalised value of the pension scheme benefits accumulated by a member at a particular point in time. The real increase in CETV is calculated after adjusting for inflation and changes in market investment factors. Neither of the senior members of the OOC are members of a pension scheme funded by the OOC and therefore there is no CETV disclosed.

Salary

i '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.

Benefits-in-kind

ii The Chief of Staff received benefits-in-kind to the value of £17,448 (£12,000 accommodation and £5,448 vehicle hire).

Pension

iii Pension benefits are provided through the Civil Service pension arrangements. From 1 October 2002, civil servants may be in one of three statutory based 'final salary' defined benefit schemes (classic, premium and classic plus). New entrants after 1 October 2002 may choose between membership of premium or joining a good quality 'money purchase' stakeholder based arrangement 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 and classic plus. Benefits in classic accrue at the rate of 1/80 th of pensionable salary 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 (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic.

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).

Further details about the CSP arrangements can be found at the website www.civilservice-pensions.gov.uk

3 Other operating costs

	2005	2004
	£	£
Accommodation costs	**31,448**	28,716
Lease of premises	**28,987**	27,867
Training	**661**	7,083
Travel and subsistence	**138,019**	123,416
Telecommunications	**6,837**	7,682
Commissioner's expenses	**54,054**	30,640
Consultants' fees	**13,893**	15,174
Audit fee	**5,000**	5,000
Other expenditure	**34,223**	42,949
Report design and printing	**29,694**	23,423
Hospitality	**3,721**	1,973
Loss on disposal	**339**	0
	346,876	313,923

4 Notional costs

	2005	2004
	£	£
Cost of capital	**969**	2,312

The Income and Expenditure Account bears a non-cash charge for interest relating to the use of capital by the Office of the Oversight Commissioner. The basis of the charge is 3.5 per cent of the average capital employed by the Office of the Oversight Commissioner during the year 1 April 2004 to 31 March 2005, defined as total assets less total liabilities.

5 Tangible fixed assets

	Office refurbish-ment £	Computer and office equipment £	Total £
Cost			
At 1 April 2004	116,929	61,725	178,654
Additions at cost	0	11,180	11,180
Disposals	0	(7,176)	(7,176)
At 31 March 2005	116,929	65,729	182,658
Depreciation			
At 1 April 2004	(84,166)	(29,728)	(113,894)
Charge for period	(17,790)	(12,535)	(30,325)
Disposals	0	6,837	6,837
At 31 March 2005	(101,956)	(35,426)	(137,382)
Net book value			
At 31 March 2005	14,973	30,303	45,276
Net book value			
At 31 March 2004	32,763	31,997	64,760

6 Debtors

	2005 £	2004 £
Prepayments	**14,351**	21,160
	14,351	21,160

7 Creditors

	2005 £	2004 £
Creditors and accruals	**42,358**	48,035
	42,358	48,035

8 Commitments under operating leases

Annual commitments under non-cancellable operating leases are as follows

	Land/ Building £	Other £	**2005 Total £**
Operating leases expiring			
Within one year	20,400	672	**21,072**
Between one and five years	0	0	**0**
After five years	0	0	**0**

9 Reconciliation of movements in reserves

	2005	2004
	£	£
General reserve		
Balance at 1 April 2004	**37,985**	94,144
Transfer from Income and Expenditure Account	**(719,336)**	(732,863)
Financing from NIO Request for Resources 1	**698,720**	676,704
Balance at 31 March 2005	**17,369**	37,985

10 Reconciliation of deficit for the year to net cash outflow from operating activities

	2005	2004
	£	£
Deficit for the year	**(719,336)**	(732,863)
Adjustments for non cash transactions		
Depreciation	**30,325**	33,855
Loss on disposal	**339**	0
Adjustments for movements in working capital		
(Increase)/decrease in debtors	**6,809**	2,416
Increase/(decrease) in creditors	***(13,037)**	21,239
Balance at 31 March 2005	**(694,900)**	(675,353)

* Excluded from the movement for creditors is an amount in relation to the purchase of fixed assets of £7,359.

11 Capital commitments

There are no outstanding capital commitments as at 31 March 2005.

12 Contingent Liabilities

HM Revenue and Customs has yet to make a final determination regarding an organisational liability for employer's national insurance contributions. As at 31 March 2005, the estimated potential liability for employer's national insurance contributions was £10,805.

13 Financial Instruments

FRS 13, Derivatives and Other Financial Instruments, requires disclosure of the role which financial instruments have had during the year in creating or changing the risks an entity faces in undertaking its activities. Due to the non-trading nature of its activities and the way in which executive Non Departmental Public Bodies are financed, the Office of the Oversight Commissioner is not exposed to the degree of risk faced by business entities. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS 13 mainly applies. The Office of the Oversight Commissioner has no powers to borrow or invest surplus funds and has limited end year flexibility. Financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the Office in undertaking its activities.

As permitted by FRS 13, debtors and creditors, which mature or become payable within 12 months from the balance sheet date have been excluded from this disclosure.

Liquidity risk

The Office of the Oversight Commissioner is budgeted through the Northern Ireland Office Resource Account and is accountable to Parliament through the Secretary of State for Northern Ireland, and is not therefore exposed to significant liquidity risk.

Interest-rate risk

All financial assets and financial liabilities of the Office of the Oversight Commissioner carry nil rates of interest and therefore are not exposed to interest rate risk.

Currency risk

The Office of the Oversight Commissioner does not trade in foreign currency and therefore has no exposure to foreign currency risk.

Fair values

The book values and fair values of the Office of the Oversight Commissioner's financial assets and financial liabilities as at 31 March 2005 are as set out below

Primary financial instruments

	Book value £	Fair value £
Financial assets		
Petty cash	100	100
Financial liabilities		
None	0	0

14 Related party transactions

The Office of the Oversight Commissioner is an independent statutory body, established by the Police (Northern Ireland) Act 2000, and funded by the Secretary of State through the Northern Ireland Office.

The Northern Ireland Office is regarded as a related party. During the year, the Office of the Oversight Commissioner has had various material transactions with the Northern Ireland Office.

In addition, the Office of the Oversight Commissioner has had a small number of material transactions with other Government Departments.

None of the Office of the Oversight Commissioner members, key managerial staff or other related parties has undertaken any material transactions with the Office of the Oversight Commission during this year.

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