
Food Standards Agency in Northern Ireland

Resource Accounts 2011/12

(For the year ended 31 March 2012)

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Annual Report

Preparation of Accounts

The Food Standards Agency in Northern Ireland forms part of the UK wide Food Standards Agency, a non-ministerial Government department. These accounts have been prepared for FSA's NI activity only. The FSA also prepares consolidated accounts for the organisation as a whole. The annual report is laid before Parliament under Section 4 of the Food Standards Act 1999. The FSA's NI accounts have been prepared in accordance with the direction given by the Department of Finance and Personnel under the Government Resources and Accounts Act (Northern Ireland) 2001.

Statutory Background

The FSA was established on 1 April 2000 by Act of Parliament (Food Standards Act 1999). The main purpose of the Agency is:

'To protect public health from risks which may arise in connection with the consumption of food, and otherwise to protect the interests of consumers in relation to food.'

The FSA in NI was recognised as an independent Northern Ireland Department on 1 April 2004. Prior to that date the FSA in NI was funded indirectly through the Department of Health, Social Services and Public Safety.

Our Strategy to 2015

Our updated Strategy to 2015 sets out the six outcomes we work towards to make sure that food is safe and consumers can continue to have trust and confidence in the food they buy and eat. These outcomes reflect the work of the FSA at all stages of the food supply – from when food enters the UK to when it is sold by retailers and caterers.

The outcomes we aim to deliver are:

- food produced or sold in the UK is safe to eat;
- imported food is safe to eat;
- food producers and caterers give priority to consumer interests in relation to food;
- consumers have the information and understanding they need to make informed choices about where and what they eat;
- regulation is effective, risk-based and proportionate, is clear about the responsibilities of food business operators, and protects consumers and their interests from fraud and other risks;
- enforcement is effective, consistent, risk-based and proportionate, and is focused on improving public health.

The Strategy is written in a clear and concise way to help consumers understand it, and is shaped by our core principles of putting the consumer first, openness and transparency, and being science and evidence-based. The full text of the Strategy is available on our website food.gov.uk

To help measure success against our Strategy to 2015, we track a number of impact indicators. These are an integral part of our quarterly Performance Management Reports. We intend to put information from these reports into the public domain this year, starting with the quarter April-June 2012. We are also continuing to further develop existing and new indicators and these will be added to the Performance Management Reports as they are agreed.

Our Science and Evidence Strategy

To support the delivery of the Strategy, we updated our Science and Evidence Strategy 2010 to 2015. The Science and Evidence Strategy sets out how we will use science and evidence to meet the challenges of delivering safer food for the nation. It re-iterates our commitment to using the best available science and evidence in an open and transparent manner. We will continue to be guided by independent scientific advice, and we will launch new research partnerships to further our understanding as we seek to manage risk to make sure food is safe. The full text of our Science and Evidence Strategy is available on our website **food.gov.uk**.

Management Commentary

The responsibilities of the FSA in NI

The FSA in NI has a wide remit that includes protecting public health and the interests of consumers in relation to food, providing information and advice, monitoring and auditing, enforcement of food law, and contributes to the FSA's role in co-ordinating and commissioning research and development and food surveillance, developing policy and legislation and representing the UK on food matters in Europe.

The work of the FSA involves food safety across the whole of the food chain, including:

- inspection and enforcement action to protect consumers;
- the management of food and feed incidents to protect public health and the interests of consumers;
- monitoring local authority enforcement – auditing and improving local authority performance;
- auditing and monitoring of enforcement by the Department of Agriculture and Rural Development (DARD) on behalf of the FSA in NI. There are two service level agreements (SLA's) with DARD. DARD Veterinary Public Health Unit (VPHU) provide audit, inspection, enforcement, advice and recommendations on the approval of establishments in relation to meat hygiene and related services in approved premises requiring veterinary control in NI. DARD Quality Assurance Branch (QAB) deliver official controls with respect to milk hygiene, hygiene of egg packing establishments, primary production hygiene and related services in establishments registered by and holding certain approvals from the FSA in NI;
- providing advice and guidance on the nutritional composition of food;
- providing information on a healthy, balanced diet, to promote and protect public health;
- encouraging food producers and caterers to reduce the levels of saturated fat, salt and calories in food products;
- food contaminants – defining tolerable levels, risk management and policy;
- food additives, contact materials, and novel foods – including safety assessment and surveillance;
- microbiological safety and food hygiene including providing advice on the management of food borne outbreaks and prevention of food borne illness;
- pesticides, veterinary medicines and animal feed – assessing food safety implications; and
- food labelling and standards – developing policy and improving consumer choice.

Financial Review

Resource spend in 2011/12

The comparison of actual resource expenditure to Estimate is shown below:

	2011/12 Estimate £m	Net Operating Cost £m
FSA in Northern Ireland	<u>8.6</u>	<u>8.2</u>

The comparative figures for 2010/11 are shown below:

	2010/11 Estimate £m	Net Operating Cost £m
FSA in Northern Ireland	<u>9.1</u>	<u>8.5</u>

The net cost of the FSA in Northern Ireland was £8.2m against available funding of £8.6m to 31 March 2012. The notes to the accounts provide a breakdown of the FSA's NI expenditure. The underspend was largely due to reduced costs associated with the delivery of meat hygiene official controls and reduced administrative costs including staff reduction.

Reconciliation of resource expenditure

Reconciliation of resource expenditure between Estimates, Accounts, and Budgets

	£000 2010/11	£000 2011/12
Net Resource Outturn (Estimates)	8,509	8,201
<i>Adjustments to remove:</i>		
Provision voted for earlier years	–	–
<i>Adjustments to additionally include:</i>		
Non-voted expenditure in the OCS	–	–
Consolidated Fund Extra Receipts in the OCS	–	–
Reductions in planned spend unable to be included in the Estimate	–	–
Other adjustments	–	–
Net Operating Cost (Accounts)	8,509	8,201
<i>Adjustments to remove:</i>		
Capital grants to local authorities	–	–
Capital grants financed from the Capital Modernisation Fund	–	–
European Union income and related adjustments	–	–
Voted expenditure outside the budget	-16	-8
<i>Adjustments to additionally include:</i>		
Other Consolidated Fund Extra Receipts	–	–
Resource consumption of non departmental public bodies	–	–
Unallocated resource provision	–	–
Other adjustments	–	–
Resource Budget Outturn (Budget)	8,509	8,201
<i>of which</i>		
Departmental Expenditure Limits (DEL)	9,053	8,622
Annually Managed Expenditure (AME)	–	–

Our activities and performance during 2011/12

Outcome: food produced or sold in the UK is safe to eat

Main priorities
Reduce foodborne disease using a targeted approach – tackling campylobacter in chicken as a priority
Increase horizon scanning and improve forensic knowledge of, and intelligence on, global food chains to identify and reduce the impact of potential new and re-emerging risks – particularly chemical contamination
Highlights of our activities and performance in 2011/12
<ul style="list-style-type: none"> • A key feature of the Foodborne Disease Strategy is the development and implementation of the Campylobacter Risk Management Programme, a 5 year programme which aims to reduce cases of campylobacter. The FSA continues to work in partnership with the British Poultry Council, the National Farmers Union, the British Retail Consortium and Defra through the Joint Working Group on Campylobacter to identify and trial new interventions to reduce contamination on chicken carcasses. The Campylobacter Risk Management work is on track and we have agreed a voluntary target with the industry to reduce the percentage of the most heavily contaminated chickens in the UK from a baseline of 27% in 2008 to 10% in 2015. If successful, it is estimated that we could see a reduction in Campylobacter food poisoning of up to 30%, equivalent to about 90,000 cases per year. • A further important feature of the Foodborne Disease Strategy is the Listeria Risk Management Programme. This aims to reduce the number of cases of (and deaths from) listeriosis in the UK by targeting the population groups, healthcare settings and industry sectors where the risk is highest. The work is being delivered through active partnerships with other government departments, health protection agencies, non-governmental organisations, the NHS, local authorities and the food industry. The finalised work programme was published in October 2011 and a number of stakeholder working groups have been established to progress activities. • Norovirus is an important foodborne pathogen, however, significant gaps in our knowledge still exist in this area. A foodborne viruses research programme has been established within the Foodborne Disease Strategy to address this. To help inform where we might most effectively target interventions in future, the research programme aims to improve our understanding of the routes of transmission for norovirus, the role that the whole food chain, including food handlers plays in UK acquired norovirus infections and the dynamics of the spread of disease. The FSA published results of a study on the prevalence, distribution and levels of norovirus in oysters at production sites in November 2011. These results, along with data generated from other research, will help build the evidence base needed to address the risks posed by norovirus in the food chain in the UK. Data from this study has also informed a European Food Safety Authority (EFSA) scientific opinion on norovirus in oysters published in January 2012.

Highlights of our activities and performance in 2011/12 *continued*

- The FSA's Emerging Risk Programme aims to provide a co-ordinated approach to the collation and analysis of intelligence relating to food safety. The programme aims to provide a clearer picture of when, why and how food safety issues develop. The analyses will be used to predict new and re-emerging risks to food safety and to build knowledge of new technologies and novel foods. Following completion of the method development phase of this work programme, systems for the detection of emerging risks in food became fully operational in January 2012 as planned. A comprehensive programme of targeted stakeholder engagement has been developed at local, national and international levels to support the programme. We have convened a cross-Agency Governance Board to oversee the programme and to ensure that issues identified by the Emerging Risks Evaluation Board are appropriately progressed. Work to develop an intelligence network by integrating the emerging risks Memex database with those relating to incidents and food fraud, was completed in March 2012.
- During the last year the Agency handled 1,787 incidents. There were six high level incidents over this period, including the E.coli O104 outbreaks in Germany and France linked to sprouted seeds. Our incidents procedures are regularly reviewed in the light of experience and our Incident Response Protocol updated accordingly.
- The FSA in NI has continued to implement the action plan arising from the MacKenzie Review of the 2008 Dioxin Incident. The Food and Feed Incident Management Group (FFIMG) and the Food and Feed Industry Advisory Panel (FFIAP) were established, and Exercise Larkspur took place in 2011. Exercise Larkspur was an emergency response exercise based upon a cattle feed contamination scenario whereby contaminated feed was distributed throughout the UK and the Republic of Ireland (RoI).

Outcome: imported food is safe to eat

Main priorities

Work internationally to reduce risks from food and feed originating in non-EU countries

Ensure risk-based, targeted checks at ports, and local authority monitoring of imports throughout the food chain

Highlights of our activities and performance in 2011/12

- With an ever increasing prominence in global food supply and emerging risks originating from feed and food sourced from outside the EU, the FSA has introduced a new imports strategy, following discussions at the FSA Board meeting in September 2011. This focuses on investing in analysis and intelligence sharing approaches to develop a deeper understanding of import profiles by product, country of origin, volume and risks. The strategy will allow more effective targeting of checks at the ports and improved surveillance.
- We have co-ordinated organisation of increased controls for certain feed and food of non-animal origin, as required under Commission Regulation (EC) 669/2009.
- A number of additional safeguard measures have also been in place during the course of the year. These included measures controlling imports from Japan following the Fukushima nuclear plant explosion in March 2011 and prohibition of fenugreek seeds and bean imports from Egypt (following the E.coli O104 H4 outbreaks in Germany and France). Special conditions governing the import of particular foodstuffs from certain non-EU countries due to contamination risk by aflatoxins, have remained in place.

Outcome: food producers and caterers give priority to consumer interests in relation to food

Main priorities

Increase the provision of information about allergens, including in catering establishments

Work with relevant organisations in Scotland and Northern Ireland to:

- continue to achieve reductions in levels of saturated fat, salt, and calories in food products;
- encourage the development, promotion, and availability of healthier options when shopping and eating out; and
- make sure that portion sizes appropriate for a healthy diet are available and promoted.

Highlights of our activities and performance in 2011/12

- The FSA has worked in a variety of ways to increase the provision of information about allergens, including issuing advice to caterers in May 2011 on how to comply with new legislation on claims about gluten in food that came into effect at the beginning of 2012. In terms of research, we are funding a significant programme which includes two major clinical studies investigating the effects of the timing of introduction of allergenic foods into the infant diet on the risk of development of food allergy; and we are close to commissioning a new study to investigate the effect of external factors on the severity and thresholds of allergic reactions.

Highlights of our activities and performance in 2011/12 *continued*

- Partnership working is an essential part of the way we work. We are helping to build a collaborative initiative with a range of international stakeholder groups to derive and agree allergen management thresholds, with the aim of publishing the outcomes by the end of 2012. We are collaborating with the Medical Research Council to co-fund further research on the mechanisms involved in the development of food allergy; and our collaboration with other Government Departments ensured a satisfactory outcome on the negotiations on the EU Food Information for Consumers Regulation (FIR).
- We have worked in partnership throughout the year with local authorities, caterers, retailers and other organisations through various work streams to encourage the development, promotion and availability of healthier options when shopping and eating out.
- We have progressed work on reformulation; front of pack nutritional labelling; the provision of calorie information and healthier menu options in catering premises; tackling food poverty; improving access to nutritional education; and supporting policies for food in schools. In Northern Ireland this is primarily achieved through our status as a key delivery partner for the implementation of the Department of Health, Social Services and Public Safety *Framework for Preventing and Addressing Overweight and Obesity in Northern Ireland 2012/2022: A Fitter Future for All*.
- We have continued to work closely with food manufacturers and caterers on the reduction of saturated fat, calories and salt in food products by reformulation. Through our work with the College of Agriculture, Food and Rural Enterprise targeted advice and support has been provided to manufacturers on reformulation. We have also established a catering forum in Northern Ireland for large caterers and catering suppliers to share information and showcase industry initiatives.
- We have developed a six month pilot scheme in Northern Ireland, which will run from May to October 2012, to provide calorie information in catering outlets. The pilot will be independently evaluated to explore the challenges that Northern Ireland businesses face to provide calorie information, particularly issues for small and medium sized businesses with a lack of technical expertise. It will also consider the opinions of consumers and explore gaps in knowledge and understanding when using calorie information to make food choices.
- We provided recommendations to the Department of Finance and Personnel (DFP) regarding the tender specification for Northern Ireland Civil Service Catering. The input was primarily to promote recommendations in line with the Government Buying Standards for Food and Catering Service, in particular concerning sustainability, nutrition and catering options.
- We have continued to work with a range of partners to incorporate nutritional education into training programmes for those working in the food and hospitality sectors in Northern Ireland. This includes working to standardise training opportunities for workforces, promoting awareness of nutrition issues and associated training.

Outcome: consumers have the information and understanding they need to make informed choices about where and what they eat

Main priorities
Improve public awareness and use of messages about good food hygiene practice at home
Increase provision of information to consumers on the hygiene standards of food premises when they choose where to eat out or shop for food
Work with relevant organisations in Scotland and Northern Ireland to improve public awareness and use of messages about healthy eating

Highlights of our activities and performance in 2011/12
<ul style="list-style-type: none"> • Between November 2011 and February 2012, the FSA ran a publicity campaign (press and radio) to reinforce existing food safety advice about storage, handling and cooking of food including raw soil-grown vegetables. It was run in the devolved nations for varying periods. Evaluation indicated an increase in awareness of campaign messages in Scotland and Wales compared to England, where the campaign was not run. This increase was higher in Northern Ireland but this was likely to be related to a TV-based campaign run by the Food Safety Promotion Board (FSPB) shortly before the FSA campaign. • Following the FSA Board's conclusion that there are no food safety grounds for regulating foods from the descendants of cloned cattle and pigs, we sought the views of the public on the proposal that these foods should no longer be regarded as 'novel', i.e. meat and milk from these animals would not require authorisation under the EU novel foods regulation. After further consideration by the Board, the FSA announced in May 2011 that it had revised its interpretation of the legislation, aligning its interpretation with that of the European Commission. We have also undertaken some initial research into public attitudes to nanotechnology, which was published in April 2011. The research showed that participants were more accepting of nanotechnology-enabled food applications with apparent health benefits. Participants expressed general concern relating to long-term safety and environmental impact and they valued transparency; there was support for labelling of nanotechnology-enabled foods and for information about such foods on the UK market. The provision of such information was one of the recommendations of a House of Lords report in 2010 published in spring 2012. • A new Citizens' Forum programme was started to explore consumer views on information about food and feed business compliance. The main areas of exploration will be: <ul style="list-style-type: none"> – Understanding how consumers currently use information when deciding where to eat; – Understanding consumers' views about openness and transparency; – Identifying consumers' expectations, needs and interest in relation to information about food compliance (including challenging their views about what information they actually need/use); and

Highlights of our activities and performance in 2011/12 *continued*

- Exploring views about making compliance information available to the public and how this could work in practice (including issues of accessibility; level of detail; resources; context; implications).
- Seventeen of Northern Ireland’s 26 District Councils launched the Food Hygiene Rating Scheme (FHRS) in June 2011, at which time nearly 11,000 food business ratings from across Northern Ireland were published on the FHRS website. Looking forward, a further 7 District Councils plan to launch the scheme in their areas in June 2012, and it is anticipated that all 26 will have adopted FHRS before the end of 2012.
- Independently conducted surveys have indicated that 50% of business with FHRS ratings are displaying these somewhere at their premises, compared to 31% in Wales, 43% in England and 47% of those in Scotland with a Food Hygiene Information Scheme (FHIS) pass.
- We have continued to ensure that consumers in Scotland and Northern Ireland have the ability to access information relating to nutrition by creating an interim consumer facing website in Scotland, and by providing the official Northern Ireland government website, **www.nidirect.gov.uk** with up to date, relevant and accurate information on nutritional issues.
- We have worked to tackle the issue of food poverty in Northern Ireland by supporting FareShare Island of Ireland, a charity that works to combat food poverty by redistributing surplus food that cannot be sold.
- We have progressed a number of initiatives with schools in Northern Ireland, working with different partner organisations. This includes Activ8 Eatwell, a healthy eating and physical activity programme; the Sixth Form Survival Guide which supports healthy eating and develops practical food skills in students; and a food labeling resource for the GCSE and A Level syllabus.

Outcome: regulation is effective, risk-based and proportionate, is clear about the responsibilities of food business operators, and protects consumers and their interest from fraud and other risks

Main priorities

Safeguard consumers by making it easier for businesses to comply with regulations, and minimise burdens on businesses

Secure more proportionate, risk-based and effective regulation by strengthening our engagement in the EU and in international forums

Work internationally to design a model for a new regulatory and enforcement regime for ensuring meat controls are effective

Highlights of our activities and performance in 2011/12

- The FSA Board agreed a compliance and enforcement strategy in July 2011. This aims to safeguard consumers and improve public health by improving overall business compliance. In implementing the strategy, the FSA will focus on better targeted activity; high impact interventions and ensuring compliance in high risk areas.
- The compliance and enforcement strategy recognises the importance of greater partnership with the private sector and better recognition of the part that the food industry's own audit and self-checking systems may have within the regulatory regime.
- In July 2011, the FSA introduced changes to the delivery of official controls for dairy hygiene in England, Wales and Northern Ireland. These changes provide proportionate official controls and earned recognition for the assurance provided through dairy farm membership of the Assured Dairy Farm Scheme.
- Following advice from the FSA on consumer risks, Ministers agreed the FSA's advice to raise the BSE testing of healthy slaughter cattle from 48 to 72 months, with this change introduced in July 2011.
- The FSA set up the Future Meat Controls Research Programme in 2010 to gather evidence to support a case for regulatory change. Research has advanced well and is set to continue into 2012. Initial research findings were published in the autumn and have been used to inform the work of EFSA in this area; discussions with the European Commission; other Member States and international trade partners outside the EU.
- The FSA is the lead UK department contributing to the review of Regulation (EC) 882/2004. This legislation sets out the general principles that Member States must adopt when performing official controls to verify compliance with feed and food and animal health and welfare law. The European Commission is looking to address issues relating to the system for financing of official controls, controls on residues of veterinary medicines and EU border controls on live animals and products of animal origin. The Commission also plans to extend the scope of the regulation to include controls verifying compliance with plant health and seeds and propagating material rules. A draft proposal is expected in autumn 2012.
- During the year, the FSA has played a key role in the handling and investigation of food related environmental incidents, supporting Local Authorities tackling food fraud, and any deliberate illegal activity relating to the supply of food or feed.

Outcome: enforcement is effective, consistent, risk-based and proportionate and is focused on improving public health

Main priorities
Secure effective enforcement and implementation of policies within the UK to protect consumers from risks related to food and from fraudulent or misleading practices, targeting the areas where there is highest risk
Strengthen the delivery of official controls
Develop our knowledge of what works in driving up business compliance with regulations

Highlights of our activities and performance in 2011/12
<ul style="list-style-type: none"> • The FSA Board commissioned a review of the delivery of official controls in January 2011. Progress reports were considered by the FSA Board in July 2011 and March 2012. A governance structure has been established to ensure the integrity of this key review. An External Advisory Group is in place to ensure there is independent challenge to the review. A Consultative Group, made up of representatives from 30 organisations across the UK, is providing specialist knowledge and expertise on the review. • The FSA provided a report on enforcement of food law by UK Local Authorities, based on the Local Authority Enforcement Monitoring System (LAEMS) food hygiene, food standards and imported food returns and on the FSA's Local Authority audit activity in 2010/11, to the FSA Board meeting in November 2011. These returns demonstrated an improvement in food business compliance levels from greater targeting of high risk establishments and increased formal actions by Local Authorities. However, there were variations between Local Authorities, with a number reporting declines in staffing levels. These returns are being used to inform the FSA's planned audits of Local Authorities in 2012/13. • In October 2009, the FSA launched an initiative to improve levels of compliance in a small proportion of FSA approved meat establishments identified as a cause for concern. This initiative has contributed to a significant improvement in overall food business operator compliance in the meat sector since its introduction. The number of broadly compliant businesses in the meat sector has increased from 64% in 2009 to 81% at the end of March 2012, with a reduction in the proportion of cause for concern establishments from 9% to 2.3% in the same period. As part of the FSA's commitment to openness and transparency, the FSA started publishing audits of FSA approved meat establishments on the FSA website in January 2012, along with details of establishments identified as a cause for concern. The FSA has a wide body of research ongoing and evidence gathering to improve our understanding of what works in driving up business compliance with regulations. Current research includes an analysis of the regulatory decisions taken by Local Authority officers, segmentation of SME and micro food business populations, and the development of a tool to assist regulators in diagnosing food safety compliance cultures in food business operators.

Structure and Organisation

The FSA is a non-Ministerial Government Department. Staff are accountable through a Chief Executive to the Board, rather than directly to Ministers. The Board consists of a Chair, Deputy Chair and up to 12 members. The Chair and Deputy Chair were appointed by the Secretary of State for Health, Scottish Ministers, the National Assembly for Wales and Minister for Health, Social Services and Public Safety in NI on behalf of that Department. Two of the Board members are appointed by Scottish Ministers, one by the National Assembly for Wales, and one by the Minister for Health, Social Services and Public Safety in NI on behalf of that Department. The other eight members were appointed by the Secretary of State for Health.

The Board is responsible for the FSA's overall strategic direction, for ensuring that legal obligations are fulfilled, and for ensuring that decisions and actions take proper account of scientific advice as well as the interests of consumers and other stakeholders.

Day to day management of the FSA is exercised through the Executive Management Board (EMB). In addition to the FSA Board, the FSA has advisory committees, chaired by Board members, in Scotland, Wales, and Northern Ireland. The role of the Committee in each country is to advise the Board. The Board is required by statute to take account of their advice in its work. More information about our organisation and structure can be found on our website at food.gov.uk

Details of Board members and Directors

The FSA Board

During the year, the membership of the non-executive FSA Board was:

Lord Jeff Rooker	FSA Chair
Dr. Ian Reynolds	FSA Deputy Chair (to 19 May 2011)
Tim Bennett	Additional responsibility as Interim Deputy Chair (from July 2011)
Dr. David Cameron	Chair of the Scottish Food Advisory Committee (to August 2011)
Dr. James Wildgoose	Additional responsibility as Interim Chair of the Scottish Food Advisory Committee (from September 2011)
John W Spence	Chair of the Welsh Food Advisory Committee
Dr. Henrietta Campbell CB	Chair of the Northern Ireland Food Advisory Committee
Clive Grundy	
Professor Sue Atkinson CBE	
Michael Parker CBE	
Nancy Robson	
Margaret Gilmore	

Executive Management Board (EMB)

During the year, the membership of the EMB was:

Tim Smith	Chief Executive
Dr. Andrew Wadge	Chief Scientist
Alison Gleadle	Director, Food Safety
Andrew Rhodes	Director, Operations
Terrence Collis	Director, Communications, Planning, Security, and Estates
Rod Ainsworth	Director of Legal, International, Regulation, and Audit
Chris Hitchen	Director, Finance
Lynne Bywater	Director, Human Resources
Charles Milne	Director, FSA in Scotland
Gerry McCurdy	Director, FSA in Northern Ireland
Steve Wearne	Director, FSA in Wales

All senior officials have been appointed under the rules laid down by the Civil Service Commissioners. Salary and pension details of the Board and the EMB are disclosed in the Remuneration Report.

The NI Food Advisory Committee

The Northern Ireland Food Advisory Committee provides advice and information to the Agency on its functions. It is chaired by the NI Board Member and the FSA Board is required by statute to take account of their advice in its work. The committee members are listed below:

Dr. Henrietta Campbell CB	Chair
Michael Walker	
Alan Bingham	
David McCleery	
David Mark	
David Lindsay	
Dorothy Black	
Brian Smyth	
Tony McCusker	– To 31 July 2011

Audit Committee

The Audit Committee advises the Accounting Officer and Board about issues of control, governance, and assurance. The Chair of the Committee produces an annual report to the FSA Board on the work of the Audit Committee, and reports regularly throughout the year.

During the year, the membership of the Audit Committee was:

Michael Parker CBE – Chair

Tim Bennett

Margaret Gilmore

Clive Grundy

Dr. David Cameron – To August 2011

Dr. James Wildgoose – From August 2011

Risk Committee

The Risk Committee seeks to establish improved risk modelling and management across the organisation. This committee is chaired by a Board member, and includes a mix of executive and non-executive staff as members. The Chair of the Committee reports annually to the FSA Board on the work of the Risk Committee.

During the year, the membership of the Risk Committee was:

Non-executive Board members

Margaret Gilmore – Chair

Tim Bennett

Dr. Henrietta Campbell CB

Michael Parker CBE

Nancy Robson

Dr. David Cameron – To August 2011

John W Spence – From March 2012

Executive members

Tim Smith

Chris Hitchen

Terrence Collis

Andrew Wadge

Funding of the FSA

The FSA is a non-Ministerial Government Department. The Northern Ireland operations of the FSA are funded through resource based supply by the Department of Finance and Personnel.

Supplier payment policy

It is FSA policy to pay all invoices not in dispute within five days of receipt. During 2011/12, 80% of all invoices were paid within this target. The policy is likely to remain the same for 2012/13.

Financial instruments

The FSA has no borrowings. It relies primarily on departmental grants for its cash requirements, and is therefore not exposed to liquidity risks. It also has no material deposits. All material assets and liabilities are in sterling, so the FSA is not exposed to interest rate risk or currency risk.

Sustainability

The FSA is committed to reducing the amount of waste we generate by 25% from a 2009/10 baseline. Our zero waste to landfill target has already been met as since April 2010 all our general waste is sent to incineration. We have a target to reduce our paper use by 10% in 2011/12 and all FSA printers are set to print double-sided black and white at 300dpi. Recycling facilities are available across the Agency's estate. Where possible redundant ICT equipment is recycled/reused and we continue to publicise recycling to staff and to provide advice on ways to reduce waste. We work closely with our waste contractor to make efficiencies.

Sustainability report – Northern Ireland

Waste					
Non Financial indicators (Tonnes)	2007/8	2008/9	2009/10	2010/11	2011/12
Total waste	6.58	5.7	6.8	7.05	6.053
Recycled/reused waste	5.8	5.1	6.2	6.3	5.086
Landfill	0.78	0.6	0.6	0.75	0.8
Waste incinerated	0	0	0	0	0
Confidential waste	0	0	0	0	0.167
Financial indicators (£)	2007/8	2008/9	2009/10	2010/11	2011/12
Total disposal costs	395.66	1100	1125.69	1669.27	1046.6
Waste to landfill	93.46	215.8	295.84	698.96	657.8
Waste recycled/reused	302.2	884.2	829.85	970.31	298.8
Waste incinerated	0	0	0	0	0
Confidential waste	0	0	0	0	90
Finite Resource Consumption: Water					
Non Financial indicators (Cubic Metres)	2007/8	2008/9	2009/10	2010/11	2011/12
Total water consumption supplied (office estate)	–	36	191	157	155
Financial indicators (£)	2007/8	2008/9	2009/10	2010/11	2011/12
Total costs	–	410.95	657.12	638.58	662
GHG EMISSIONS ENERGY (Scope 2)					
Non Financial indicators (KWH)	2007/8	2008/9	2009/10	2010/11	2011/12
Electricity	59071	68471	68515	60074	56652
Renewables	–	–	13243	55144	56652
Gas	58011	63870	62119	61093	49406
Financial indicators (£)	2007/8	2008/9	2009/10	2010/11	2011/12
Energy expenditure	10227.47	12664.01	13049.55	9706.65	9878.88

The above report has been prepared in accordance with guidelines laid down by HM Treasury in 'Public Sector Sustainability reporting' published at www.financial-reporting.gov.uk

Mainstreaming sustainable development

Sustainability is a key factor in how we develop FSA policy and conduct our operations. Sustainability aspects across the three pillars – economic, society and environment – are all taken into account in the development of policy through the Government mandated Impact Assessment process – which we use. This also follows guidance laid down by HM Treasury in the Green Book¹ which can include rural proofing policies, examining specific effects on SMEs and the potential to influence and mitigate against climate change. We consider equality and diversity aspects as a matter of course. Online tools are provided to staff and sustainable development forms a key part of our better regulation training programmes. For further information on how the FSA develops policy please go to http://www.food.gov.uk/aboutus/how_we_work/.

Rural proofing

External facing policies that show good examples of sustainable development include rural proofing. The impact of potential closures of meat processing plants on rural economies was a significant consideration in developing the FSA's policy on 'A New Approach to Charges for Official Controls on Meat: Delivering Efficiency and Reform.'² We will continue to monitor closely the development of policies and engage with staff to raise awareness of the issues.

Sustainable procurement

Procurement presents the Agency with many opportunities to apply both the Agency's and Government's commitment to adopting practices that promote sustainable thinking. This can be achieved by building sustainable considerations into all aspects of the procurement process. FSA Procurement is committed to seeking continuous improvement in our performance on sustainability, in both our internal and procurement functions, which is consistent with providing value for money for the taxpayer. We achieve this by:

- Complying with all relevant UK Government policies on sustainable development and sustainable procurement, and all relevant legislation and regulations;
- Establishing sustainable development as a clear feature of FSA Procurement decision making, from Board level downwards and ensuring that all colleagues follow the principles of this policy;
- Setting and monitoring relevant sustainability objectives and targets, based on our significant aspects and impacts, and reporting progress regularly through clear, consistent processes;
- Educating, training and motivating colleagues to work in a sustainably responsible manner and to play a full part in developing new ideas and initiatives;
- Communicating openly and proactively with colleagues about sustainability issues and best practice, and co-operating with others in the public and private sectors to develop and promote sustainably sound practices;
- Ensuring that sustainability principles are given due consideration at each stage of the category management process, including:
 - developing an in-depth understanding of the sustainability issues relevant to each category;

1 http://www.hm-treasury.gov.uk/data_greenbook_index.htm

2 <http://www.food.gov.uk/multimedia/pdfs/iameatcharging.pdf>

- building a detailed appreciation of customers' sustainability requirements, and ensuring that customers have access to a range of sustainable products and services (and supporting information) to assist them in meeting these requirements;
 - working with suppliers, including early market engagement, and working post-award to seek ongoing improvements to suppliers' sustainability performance and that of their supply chains; and
 - encouraging the appropriate uptake of sustainable products and services across the public sector.
- Striving to improve the sustainability performance of all FSA Procurement activities (including travel, marketing and communications, ICT, estates management, and domestic procurement). This will include:
 - preventing direct and indirect pollution where possible, or striving to reduce it; and
 - making efficient use of all resources and decreasing the consumption of non-renewable resources.

The Agency will take into account 'sustainability' considerations within its procurement practices and within standardised eligibility criteria.

Adapting to climate change

The Agency's report 'Food and climate change: A review of the effects of climate change on food within the remit of the Food Standards Agency' was published on 21 October 2010.³ Since then the Agency has looked at the findings and considered the implications for UK food policy, within its remit of protecting food safety and has communicated relevant findings to Defra and Department of Health following the machinery of government changes in 2010. The FSA continues to monitor food safety risks and has mechanisms in place to detect changes that may arise as a result of climate change and to respond to protect public health. In particular, the incidence of foodborne infections may be affected by climate change; FSA continues to monitor incidence and advise on outbreaks, and to explore new ways of managing them, working with HPA and others. This year the Agency has increased its capability in horizon scanning by joining up with other Government departments in a programme run at the University of Cranfield in the Centre for Environmental Risks and Futures. The FSA is contributing, with other Departments, to the Government's Climate Change Risk Assessment (led by Defra) and will contribute to the National Adaptation Plan that will be informed by the CCRA.

Environmental incidents

Since 2007, the FSA has produced annual reports of incidents, in line with our policy of openness and transparency. These reports showcase the FSA's work responding to food and environmental contamination incidents in the UK. The latest annual report of incidents covering the 2010 calendar year was published in May 2011.⁴ In Appendix 1 to the report there is a 'statistics' section which includes a breakdown of various incident categories, including 'environmental contamination' (pages 27-28 refer). All the FSA annual reports of incidents are available via our website. Our next annual report of incidents is scheduled for publication in May 2012.

3 <http://www.food.gov.uk/science/research/supportingresearch/strategievidenceprogramme/strategievidenceprogramme/x02projlist/x02001/>

4 <http://www.food.gov.uk/multimedia/pdfs/publication/annualreportofincidents2010.pdf>

Wellbeing

In 2011/12 the Executive Management Board approved a Wellbeing Strategic Statement based on four key principles:

- effective leadership and management;
- provision of a working environment conducive to health;
- creation of a sense of support and belonging; and
- recognition of health in a physical, mental and social sense.

Much of what the strategy aims to achieve is well served by planned and ongoing pieces of work not least amongst them our Organisational Improvement Programme and the FSA's anti bullying and harassment campaign and further work in this area will feature in the forthcoming year. The FSA supports ongoing plans to develop a widely accepted measurement of workplace wellbeing.

Information on environment, social, and community issues

All staff have the opportunity to apply for one day's paid special leave per year to support the activities of voluntary organisations that make an impact on local or national communities.

Reporting on Better Regulation

As a UK-wide body the FSA is delivering across the UK on better regulation and has made progress on both domestic and European legislation in a number of areas. The FSA has maintained a healthy One In, One Out (OIOO) balance, taken forward several Red Tape Challenge initiatives, received mostly 'fit for purpose' markings on Impact Assessments from the Regulatory Policy Committee, developed non-legislative approaches in partnership with stakeholders and been active at influencing negotiations in Europe.

One In, One Out

The UK Government's One In, One Out (OIOO) policy requires that any new domestic regulation that imposes a net cost on businesses or civil society must be offset by a reduction in regulatory costs elsewhere. The FSA's balance of INs and OUTs at 31 March 2012 was minus £0.13 million, the amount saved for businesses. This saving was due to the introduction in Northern Ireland, England and Wales of a system of earned recognition in the dairy sector that significantly reduced the number of inspections for lower risk farms that are members of the Assured Dairy Farms scheme.⁵ FSA had no other measures within scope of OIOO during the year.

Red Tape Challenge

The FSA's Board agreed proposals in July 2011 to reduce the number of national food safety statutory instruments from 34 to 11, with the proviso that no consumer protection would be compromised. Consultations were proposed on a major consolidation of food contact materials, on simplifying rules on qualifications required for public analysts, and on removing all post-Chernobyl controls. Consultations on whether childminders and those running events in community halls should count as food businesses have also been held, as agreed by the Board in November 2011. All other proposed changes are on track to be delivered to their target dates. For transparency, FSA has set up a system that allows people to track progress.⁶

5 <http://www.food.gov.uk/foodindustry/regulation/betregs/ria/ria2011/onfarmdairyhygienecontrolseng>

6 <http://www.food.gov.uk/foodindustry/regulation/betregs/red-tape-challenge/>

Impact Assessment

The independent Regulatory Policy Committee (RPC) reviews all Impact Assessments (IAs) and issues an opinion as to whether they are fit for purpose. Between 1 April 2011 and 31 March 2012 FSA submitted to RPC IAs on five separate policies. Three of these IAs received a fit for purpose assessment. RPC considered two IAs to be not fit for purpose. One of these IAs was re-submitted and received a fit for purpose opinion. The remaining IA that had a not fit for purpose opinion is to be re-submitted in April 2012. In summary, four of the six IAs submitted, or 66%, received a fit for purpose opinion.

Alternatives to regulation

As part of the continuing roll-out of the Food Hygiene Rating Scheme (FHRS), in September 2011 the FSA reached agreement with Transparency Data, who ran the 'Scores on the Doors' scheme, to acquire the existing Scores on the Doors contracts and software, and to work with the firm to encourage remaining Local Authorities to transfer to the FHRS. The agreement enables the FSA to move towards publishing ratings in a single format for thousands more businesses across England, Wales and Northern Ireland.

In August 2011 the FSA produced a DVD⁷ for those working in butchers' shops to encourage them to think about the type of food safety risks they face in their business and how they should control them. It features three butchers talking about the steps they have taken to reduce food safety risks. The DVD was produced as part of the FSA's response to addressing the recommendations of the Public Inquiry into the serious outbreak of *E.coli* O157 in Wales in 2005.

EU legislation

In summer 2011 the FSA persuaded the European Commission to propose a level of 20 mg/l as the Acceptable Daily Intake for Sunset Yellow (E 110) in soft drinks. The Commission had planned to reduce the level from 50 mg/l to 10 mg/l based on a European Food Safety Authority exposure assessment. This would have had a severe impact on the manufacturers of Irn Bru and Lucozade. The FSA argued successfully, based on its own exposure assessment, that the EFSA exposure assessment had been too conservative. Key to the FSA's success was working with British and European Trade Associations on soft drinks to influence events.

The FSA has been pressing for a review of existing food hygiene legislation, so as to promote improved public health outcomes and achieve significantly reduced costs and burdens on business. Proposals for the review are now expected by summer 2012; the FSA is working closely with the Commission and like-minded Member States to influence and shape the proposals.

Recruitment practice

The FSA Recruitment Policy is based on the principles of appointment on merit following open and fair competition in line with the Civil Service Recruitment Principles. The FSA's recruitment policy and process are in place to ensure high calibre individuals are recruited to the FSA through a transparent process which promotes equality and diversity. An annual audit of the FSA's compliance with the Civil Service Recruitment Principles is carried out by DLA Piper on behalf of the Office of Civil Service Commission. The FSA is currently rated as low risk for non-compliance.

⁷ 'E.coli O157 – A butcher's guide to staying safe' can be viewed at <http://www.youtube.com/watch?v=pMQoFpH5WiU>

Performance in responding to correspondence from the public

During 2011, the FSA's private office team handled 240 letters and emails from MPs for reply by Department of Health Ministers and the Chair and Chief Executive of the FSA, answered 96% within our target of 20 working days. FSA officials responded to 353 'treat officials' letters and emails sent by members of the public to Ministers, the FSA Chair and Chief Executive, replying to 92% within our target date. In addition, the FSA received 435 letters sent by members of the public as part of organised campaigns and responded to 99% within target.

Publicity and advertising

In November and December 2011, the Agency ran a campaign in Scotland, Wales and Northern Ireland, highlighting the food safety practices associated with the storage and preparation of raw food, including vegetables. The campaign activity was considered necessary in light of outbreaks of the verocytotoxin – producing *Escherichia coli* (E.coli) in Germany, France and the UK. The outbreaks which were linked to various types of vegetables highlighted the need to alert consumers to the proper food safety practices associated with the handling of raw food. The Agency carried out pre and post campaign tracking to assess the impact of the campaign. Recognition of the campaign was higher in Scotland (19%) than Wales (13%) although to a certain extent this in line with initial targeted reach of the campaign in each country. Campaign recognition was much higher in Northern Ireland (39%) than the other countries. The impact of the campaign was strongest on its key behavioural message of washing or peeling vegetables and when directly questioned, the majority of those who saw the FSA campaign said that the advertisements will have some influence on the care they take when preparing and storing raw vegetables. The total cost of the campaign was £340,000.

Two FHRS campaigns ran in Wales at a total cost of £200,000. Both campaigns used outdoor posters and advertising in local and national newspapers and magazines as well as digital media such as Google and Facebook. The results of the post-campaign evaluation indicated that 16% of consumers surveyed stated they had seen the campaign. Two phases of FHRS publicity ran in Northern Ireland at a total cost of £100,000. The first, in June 2011, coincided with the launch of the scheme by 16 district councils. It included TV and outdoor advertising (with billboard, bus shelter and side of bus posters) and was combined with major public relations activity. Post-campaign evaluation showed 47% of consumers reported seeing the campaign; 17% of consumers claimed to have used stickers or website. The campaign ran again in September and October 2011. Post-campaign results were again encouraging with 56% of people aware of the name of the scheme when prompted, 63% recognising the stickers and 74% claiming they would use the information to make decisions about where to buy food. A further campaign is being planned for late June 2012.

Significant remote contingent liabilities

The FSA has no significant remote contingent liabilities.

Going concern

The FSA has significant net liabilities. The accounts, however, are prepared on a going concern basis since, as a government department, its funding is underwritten by the Treasury.

Pensions

FSA employees are civil servants. Most are members of the Principal Civil Service Pension Scheme (PCSPS). This is a central government unfunded pension scheme. Pension payments are made through the PCSPS resource account.

Board members are not civil servants. Therefore they are not members of the PCSPS. However, some have similar pension arrangements independent of the PCSPS.

Some employees are members of the LGPS. This is a defined benefit scheme governed by the Local Government Pension Scheme Regulations 1995. It is administered by the London Pension Fund Authority (LPFA), whose financial statements are prepared for the whole LGPS.

Disclosure of Board members' interests

Board members are appointed to act collectively in the public interest, not to represent specific sectors. Provisions for declaration of interests and withdrawal from meetings are intended to prevent the Chair, Deputy Chair, and members being influenced, or appearing to be influenced, by their private interests in the exercise of their collective public duties.

All personal or business interests which may, or in the judgement of the member may, be perceived by a reasonable member of the public to influence their judgement, should be declared. Such interests include, but are not limited to, involvement in the agriculture, food, and related industries. The Code of Conduct for Board members includes a guide to the categories of interest that must be declared.

Details of Board members, their register of interests, and the Code of Conduct are on our website **food.gov.uk**

Auditors

The accounts have been audited by the Comptroller and Auditor General in accordance with Section 9 of the Government Resources and Accounts Act (Northern Ireland) 2001. The audit fee for the year was £12,000. I have taken all necessary steps to make myself aware of any relevant audit information and to establish that the auditors are aware of that information.

Reporting of sickness absence data

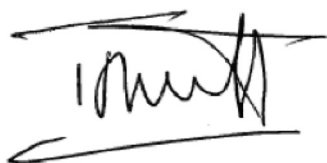
The figure for staff absence as a result of physical and mental illness including injuries, disability, or other health problems is approximately 1.7 days per employee, compared with 4.3 and 6.7 for the previous two years.

Reporting of personal/sensitive data losses and/or incidents

Across the UK, the FSA has reported one personal data loss to the Information Commissioners Office who subsequently investigated the loss, and has undertaken two information leak investigations in conjunction with the Cabinet Office. The FSA continues to have in place systems to minimise the risk of loss of this type, and the issue is discussed regularly at the Audit Committee.

Important events which have occurred since the end of the financial year

No events have occurred since the end of the financial year.



Tim J Smith

Chief Executive and Accounting Officer
29 June 2012

Remuneration report

The remuneration of senior civil servants is set by the Prime Minister following independent advice from the Review Body on Senior Salaries. In reaching its recommendations, the Review Body has regard to the following considerations:

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

The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations. Further information about the work of the Review Body can be found at www.ome.uk.com.

Service contracts

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

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

Salary and pension entitlements

Full details of the remuneration and pension interests of Board members and the Executive Management Board are detailed below and are subject to audit.

a) Remuneration

Executive Management Board

Bands		2011/12			2010/11
		Total Remuneration £5,000 (£000)	Of Which Bonuses £5,000 (£000)	Benefits in Kind £1,000 (£000)	Total Remuneration £5,000 (£000)
Gerry McCurdy	Director, FSA Northern Ireland	80 – 85	–	–	80 – 85

	2011/12	2010/11
Band of Highest Paid Director's Total Remuneration	80 – 85	80 – 85
Median Total Remuneration	29	28
Ratio	2.91	2.96

Remuneration

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

Bonuses

A Pay Committee is set up each year to assess implementation of pay awards including bonus payments in line with guidance provided by the Cabinet Office. Membership of the Pay Committee is made up of directors and one independent member. Pay recommendations are considered on the basis of review of individual performance against objectives as well as overall consistency.

The Committee provides a breakdown of awards to the Cabinet Office, covering performance group distribution, analysis of bonuses awarded and feedback on the operation of the system.

Benefits in Kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument. The above payments relate mostly to transport or accommodation costs reimbursed to the Board members.

*(b) Pension benefits***Executive Management Board**

		2011/12					
Bands		Real increase in Pension at age 60	Total accrued Pension at age 60 31 March 2012	Total accrued lump sum at age 60 31 March 2012	CETV at 31 March 2012	CETV at 31 March 2011*	Real increase in CETV
		£2,500 (£'000)	£5,000 (£'000)	£5,000 (£'000)	(£'000)	(£'000)	(£'000)
Gerry McCurdy	Director, FSA Northern Ireland	(0 – 2.5)	35 – 40	110 – 115	830	783	(20)

* The figure may be different from the closing figure in last year's accounts. This is due to the CETV factors being updated to comply with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008.

		2010/11					
Bands		Real increase in Pension at age 60	Total accrued Pension at age 60 31 March 2011	Total accrued lump sum at age 60 31 March 2011	CETV at 31 March 2011	CETV at 31 March 2010	Real increase in CETV
		£2,500 (£'000)	£5,000 (£'000)	£5,000 (£'000)	(£'000)	(£'000)	(£'000)
Gerry McCurdy	Director, FSA Northern Ireland	(0 – 2.5)	35 – 40	110 – 115	790	737	(3)

A number of FSA Board members benefit from a by-analogy pension scheme similar to the PCSPS.

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** have been increased annually in line with changes in the Retail Prices Index (RPI) up to March 2011 but from April 2011 will be increased in line with the Consumer Prices Index (CPI).

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 from October 2002 calculated as in **premium**. In **nuvos** a member builds up a pension based on his 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 was updated in line with RPI up to March 2011 but will be updated in line with the Consumer Prices Index (CPI) from April 2011. 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.

Cash Equivalent Transfer Values

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

The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional pension benefits at their own cost.

CETVs are calculated in accordance with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real Increase in CETV

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

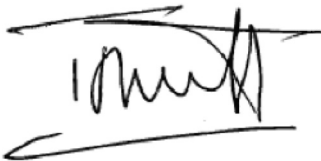
Pay Multiples

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in the Food Standards Agency in the financial year 2011/12 was £80-85k (2010/11, £80-85k). This was 2.91 times (2010/11, 2.96) the median remuneration of the workforce, which was £29k (2010/11, £28k).

Remuneration ranged from £12k to £61k (2010/11, £12-£80k).

Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

A handwritten signature in black ink, appearing to read 'Tim J Smith', enclosed within a hand-drawn rectangular box.

Tim J Smith

Chief Executive and Accounting Officer

29 June 2012

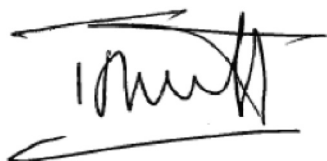
Statement of Accounting Officer's responsibilities

Under the Government Resources and Accounts Act (Northern Ireland) 2001, the Food Standards Agency (the Department) is required to prepare, for each financial year, resource accounts detailing the resources acquired, held or disposed of during the year and the use of resources by the Department during the year. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Department and of its net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the financial year.

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

- observe the Accounts Direction issued by the Department of Finance & Personnel, 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 Department of Finance and Personnel has appointed the Chief Executive as principal Accounting Officer of the department. 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 FSA's assets, are set out in *Managing Public Money Northern Ireland*.



Tim J Smith

Chief Executive and Accounting Officer

29 June 2012

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 Food Standards Agency (FSA)'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, Northern Ireland. The FSA is a non-Ministerial Government Department, operating at arm's length from Ministers, and led by a non-executive Board appointed to act in the public interest. I and members of the Executive Management Board attend meetings of the Board. I meet with the Board Chair each week. I have been appointed as Accounting Officer for the Westminster-funded FSA by Her Majesty's Treasury and for FSA in Northern Ireland by the Department of Finance and Personnel (DFP). I also act in this capacity for FSA in Wales and FSA in Scotland. Although the activities of these offices are funded through the devolved authorities, they remain part of the UK FSA.

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 FSA'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 FSA for the year ended 31 March 2012 and up to the date of approval of the annual report and accounts, and accords with DFP guidance.

Capacity to handle risk

Our capacity to handle risk continues to improve as risk management becomes better integrated into the regular working of the department. A particular improvement has been in the Executive Management Board's review of strategic-level risks: the high level risk register is now reviewed by directors each month, and by the Risk Committee at quarterly meetings. Through the application of a clear escalation procedure, better communication, and improved quality assurance, our risk registers now better reflect the up-to-date position on mitigation.

The Risk Committee Chair has reported to the Board that the Executive made significant steps in 2011/12 to embed effective and efficient risk management, by comprehensively reviewing and updating the current system. The system is now 'fit for purpose' and able to provide the information and assurances the Committee requires on risk management. The Executive Management Board has incorporated risk management and internal controls into our approach to business planning. Business and financial planning processes explicitly consider performance, resources, and business risks. Processes are reviewed each year, and amended to reflect lessons learned and to build in examples of best practice. Risk owners formally review risks at least once a month and report back to the Board through risk registers and progress reports.

I believe that we have an effective risk handling capacity, and reports from internal auditors support this, but I recognise that ensuring maintenance and improvement of this capacity is one of the main challenges that we face each year.

The risk and control framework

The main processes in place for identifying, evaluating, and managing risks are:

- **High level risks** are identified and recorded in a risk register, and monitored monthly by the Executive Management Board. Each risk is owned by a Director who is responsible for implementing countermeasures and contingencies to manage the likelihood and/or impact of the risk;
- **Group level risks** are identified and recorded in a risk register, and monitored regularly by directors and their senior management teams. Directors are accountable for risk management within their groups and, where appropriate, for escalating risks to the high level risk register;
- **Major project risks** are identified and recorded in a risk register, and monitored by project teams. We apply PRINCE 2 project management principles for IT and other major projects. Procurement and management of our research portfolio follows well-defined and documented procedures; and
- **Local risks:** Group and Divisional registers are mandatory as from 2011/12 and local managers will need to show how such risks are managed.

Key mechanisms for controlling risk include Directors' regular discussions with their senior management teams on ongoing activities, programmes, and projects. This control is supported by Senior Responsible Owners and programme and project boards.

We manage risks which impact on the public. In matters of risk appetite and public health, we take a precautionary approach. That means action may be taken before there is conclusive proof of a hazard. Actions will be proportionate to the best judgement of the risk based on evidence available, and will be reviewed if new evidence emerges.

The Board holds all its policy decision-making meetings in public. Venues and agendas are published in advance. Papers are publicly available. Meetings are webcast live via our website. Webcasts are archived on our website as publicly available video-on-demand. We are required by statute to consult on our activities with those affected by our decisions. Consultation with stakeholders is an essential part of fulfilling our core values. On key issues, we meet stakeholders and discuss differing points of view.

Review of effectiveness

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

To maintain and review effectiveness of the system of internal control, I have been supported by:

- The Executive Management Board, which I chair, comprising all UK Directors and normally meeting monthly: the high level risk register and financial performance reports are standing items on the agenda.

- Weekly meetings of Directors, where discussion of emerging risks and the escalation of existing risks is actively encouraged.
- Signed annual assurance statements from all Directors covering scope of responsibility; capacity to handle risk; review of effectiveness; and significant control problems.
- Signed quarterly reports from budget managers on management of budgets within their delegated authority, and compliance with corporate governance responsibilities.
- Internal audit arrangements, including a risk-based audit programme linked to strategic risks, and audit of corporate governance and controls. Internal Audit issues regular reports on completed elements of the audit programme, and expresses an independent annual opinion of the adequacy and effectiveness of our system of internal control including recommendations for improvement.
- An Audit Committee, constituted in line with HM Treasury's Audit Committee Handbook, to advise me as Accounting Officer. The Committee has a fully non-executive membership and meets four times a year. The Chief Executive and Director of Finance attend all Committee meetings, providing a direct link to the senior management team. The Chair reports to the Board on the work of the Committee.
- A Risk Committee providing advice, support and challenge concerning organisational risks and embedding a risk-aware culture across the FSA. The Committee has both executive and non-executive members, includes the Chair of the Audit Committee in its membership, and meets four times a year. The Chair reports annually to the Board on the actions taken by the Executive to improve the effectiveness of risk management.
- A risk management process that aims to provide reasonable assurance that strategic outcome can be achieved. The process promotes local accountability and risk ownership as essential parts of risk management. It prioritises risk based on likelihood and impact, and enables the Executive Management Board to manage effectively our strategic risks.
- Our representation on the cross-government Risk Improvement Group, which shares good practice and lessons learned.
- Compliance with Cabinet Office instructions, whereby all laptops and remote working tools are encrypted and all new or re-built equipment is configured to comply with Cabinet Office guidelines. All software is logged on our central software asset register and we are currently reviewing our records and procedures with FAST (Federation against software theft). We have been approved to FAST 'silver' level and are working towards 'gold' accreditation.
- The cross-government Financial System Risk Review has been completed with recommendations to further minimise the risk of fraudulent transactions.

The FSA is also subject to scrutiny by our stakeholders. This is facilitated by our open and transparent approach to decision making.

I believe we have improved our internal controls, and that we continue to strengthen our resilience, flexibility, and responsiveness.

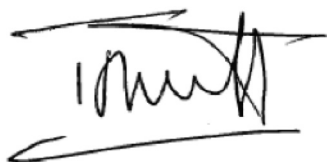
While the coming years will be extremely challenging as we are required to make very significant reductions in budgets while still delivering our desired outcomes and priorities,

we have made further improvements in a number of areas in 2011/12 and look to continue the effort. Some of the improvements include:

- Embedding a corporate project and programme framework supported by guidance and training as appropriate, which aims to ensure effective and coherent delivery of strategic planning, corporate and business planning, performance management, and business improvement.
- The publication of a new risk management policy and supporting guidance.
- Bringing the FSA's corporate risk and business continuity functions together under a single line management structure.
- Ensuring that the FSA's High Level Risk Register is routinely reviewed, evidence for which has been amply demonstrated at Committee meetings by Directors' ability to respond to challenges as to the nature of those risks, changes in likelihood/impact scoring and the adequacy of any proposed contingency measures.
- Development of a new and integrated business continuity framework and policy, as well as completion of an FSA wide business impact analysis to inform the updating and strengthening of all business continuity plans.
- Ensuring that there is a clear link between any concerns expressed in internal audit findings and organisational risk registers to ensure that appropriate corrective action is taken and monitored.

Significant internal control weaknesses

I am able to report that there were no significant weaknesses in the FSA's system of internal controls in 2011/12 which affected the achievement of the FSA's outcomes and priorities.



Tim J Smith

Chief Executive and Accounting Officer

29 June 2012

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY

I certify that I have audited the financial statements of the Food Standards Agency in Northern Ireland (the Department) for the year ended 31 March 2012 under the Government Resources and Accounts Act (Northern Ireland) 2001. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. I have also audited the Statement of Assembly Supply 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 Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Department's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accounting Officer; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the Statement of Assembly Supply properly presents the outturn against voted Assembly control totals and that those totals have not been exceeded. The voted Assembly control totals are Gross Expenditure, Accruing Resources and Net Cash Requirement. I am also required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on regularity

In my opinion, in all material respects:

- the Statement of Assembly Supply properly presents the outturn against voted Assembly control totals for the year ended 31 March 2012 and shows that those totals have not been exceeded; and

- the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Department's affairs as at 31 March 2012 and of its net operating cost for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and directions issued thereunder by the Department of Finance and Personnel.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Department of Finance and Personnel directions made under the Government Resources and Accounts Act (Northern Ireland) 2001; and
- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with the Department of Finance and Personnel's guidance.

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General

Date 3 July 2012

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

Statement of Assembly Supply

Statement of Resource Outturn 2011/12

		2011/12						2010/11	
		Estimate			Outturn				
		Net total outturn compared with Estimate saving/ (excess)							Prior year outturn
Note		Gross expenditure	Accruing Resources	NET TOTAL	Gross expenditure	Accruing Resources	NET TOTAL		
		£000	£000	£000	£000	£000	£000	£000	£000
Request for resources A	2	12,413	(3,779)	8,634	11,786	(3,585)	8,201	433	8,509
Total resources		12,413	(3,779)	8,634	11,786	(3,585)	8,201	433	8,509
Non-operating Accruing Resources		-	-	-	-	-	-	-	-

		2011/12						2010/11	
		Estimate			Outturn				
		Net total outturn compared with Estimate saving/ (excess)							Prior year outturn
Note		Estimate		Outturn					
		£000		£000			£000		£000
Net cash requirement	4	9,418		8,766			652		8,069

Summary of income payable to the Consolidated Fund

There was no income payable to the Consolidated Fund during the year.

Explanation of variances between Estimates and Outturn

The FSA in Northern Ireland resource spend for the period was £8,201,000 compared to the estimate of £8,634,000. The underspend was largely due to expenditure on meat hygiene enforcement activity being less than expected and staff costs were less than budgeted due to members of staff leaving and not being replaced and delays in getting posts filled. This is explained in Note 2 and in the Management Commentary Section of the Annual Report.

Statement of Comprehensive Net Expenditure

for the year ended 31 March 2012

	Note	Staff Costs	Other Costs	2011/12 £000 Income	2010/11 £000
Programme Costs:					
Staff costs	9	1,525			1,620
Other operating costs	11		634		662
Monitoring and surveillance	11		9,627		10,186
Operating income	12			(3,585)	(3,959)
Totals		1,525	10,261	(3,585)	8,509
Net Operating Cost	13			8,201	8,509

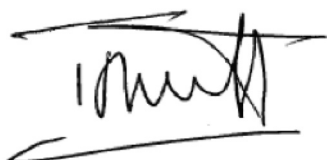
All income and expenditure are derived from continuing operations.

The notes on pages 44 to 61 form part of these accounts

Statement of Financial Position

as at 31 March 2012

	Note	2011/12		2010/11	
		£000	£000	£000	£000
Non-current assets:					
Property, plant and equipment	14	68		107	
Total non-current assets			68		107
Current assets:					
Trade and other receivables	15	1,208		1,562	
Cash and cash equivalents	16	561		1,372	
Total current assets			1,769		2,934
Total Assets			1,837		3,041
Current Liabilities					
Trade and other payables (<1 year)	17	(2,023)		(3,800)	
Total current liabilities			(2,023)		(3,800)
Non-current assets plus/less net current assets/liabilities			(186)		(759)
Non-current liabilities					
Total non-current liabilities			-		-
Assets less liabilities			(186)		(759)
Taxpayers' equity:					
General fund			(186)		(759)
Revaluation reserve			-		-
			(186)		(759)



Tim J Smith

Chief Executive and Accounting Officer

29/06/2012

The notes on pages 44 to 61 form part of these accounts

Statement of Cash Flows

for the year ended 31 March 2012

		2011/12 £000	2010/11 £000
Cash flows from operating activities	Note		
Net operating cost		(8,201)	(8,509)
Adjustment for non-cash transactions	11	55	54
(Increase)/Decrease in trade and other receivables	15	354	(355)
Increase/(Decrease) in trade payables	17	(1,777)	1,872
less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure	17	811	(1,104)
Net cash outflow from operating activities		(8,758)	(8,042)
Cash flows from investing activities			
Purchase of property, plant and equipment	14	(8)	(27)
Net cash outflow from investing activities		(8)	(27)
Cash flows from financing activities			
From the Consolidated Fund (Supply) – current year		7,955	9,173
From the Consolidated Fund (Supply) – prior year		–	–
Net Financing		7,955	9,173
Net increase/(decrease) in cash and cash equivalents in the period before adjustments for receipts and payments to the Consolidated Fund		(811)	1,104
Receipts due to the Consolidated Fund which are outside the scope of the Department's activities		–	–
Payments of amounts due to the Consolidated Fund		–	–
		(811)	1,104
Net increase/(decrease) in cash and cash equivalents in the period after adjustments for receipts and payments to the Consolidated Fund			
Cash and cash equivalents at the beginning of the period	16	1,372	268
Cash and cash equivalents at the end of the period	16	561	1,372
		(811)	1,104

The notes on pages 44 to 61 form part of these accounts

Statement of Changes in Taxpayer's Equity

for the year ended 31 March 2012

	Note	General Fund	Total Reserves
		£000	£000
Balance at 31 March 2010		(335)	(335)
Changes in accounting policy		-	-
Restated balance at 1 April 2010		(335)	(335)
Net Assembly Funding – drawdown		9,173	9,173
Net Assembly Funding – deemed		268	268
Supply payable/(receivable) adjustment		(1,372)	(1,372)
Excess Vote – Prior Year		-	-
Comprehensive Net Expenditure for the year		(8,509)	(8,509)
Non-Cash Adjustments:			
Non-cash charges – auditors remuneration	11	16	16
Balance at 31 March 2011		(759)	(759)
Net Assembly Funding – drawdown		7,955	7,955
Net Assembly Funding – deemed		1,372	1,372
Supply payable/(receivable) adjustment		(561)	(561)
Excess Vote – Prior Year		-	-
Comprehensive Net Expenditure for the year		(8,201)	(8,201)
Non-Cash Adjustments:			
Non-cash charges – auditors remuneration	11	8	8
Balance at 31 March 2012		(186)	(186)

The General Fund represents the net assets vested in the FSA in NI at 1 April 2000 (stated at historical cost less accumulated depreciation at that date), the surplus or deficit generated from notional charges and trading activities, and the Vote funding arising since that date.

The notes on pages 44 to 61 form part of these accounts

Notes to the accounts

1 Statement Of Accounting Policies

1.1 Basis of Preparation

The Food Standards Agency in Northern Ireland (FSA in NI) is part of the UK wide Food Standards Agency. It was previously funded through the Department of Health, Social Services and Public Safety. However, on 1 April 2004, it was set up as a Northern Ireland Department in its own right.

These financial statements have been prepared in accordance with the Government Financial Reporting Manual (FRoM) issued by HM Treasury. The accounting policies contained in the FRoM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

The legislative basis for preparing the Northern Ireland account is the Government Resources and Accounts Act (Northern Ireland) 2001.

In addition to the primary statements prepared under IFRS, the FRoM also requires the Department to prepare the Statement of Assembly Supply and supporting notes showing outturn against Estimate in terms of the net resource requirement and the net cash requirement.

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

The Statement of Financial Position at 31 March 2012 shows a negative taxpayer's equity of £186,000. This reflects the inclusion of liabilities falling due in future years, which are to be financed mainly by drawings from the NI Consolidated Fund. Such drawings will be from grants of supply approved annually by the NI Assembly to meet the Agency's Net Cash Requirement. Under the Government and Resources (Northern Ireland) Act 2001, no money can be drawn from the Fund other than required for the service of the specified year or retained in excess of that need. All unspent monies, including those derived from the Agency's income are surrenderable to the fund.

In common with other government departments, the future financing of the Agency's liabilities is accordingly to be met by future grants of Supply, and the application of future income, both to be approved annually by the NI Assembly. Such approval for amounts required for 2012/13 has already been given and there is no reason to believe that future approvals will not be forthcoming. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

1.2 Accounting Convention

These accounts have been prepared under the historical cost convention.

1.3 Property, plant and equipment

These accounts have been prepared under the historic cost convention. From 1 April 2009 newly capitalised assets consist only of non-current assets with an individual purchase cost in excess of £5,000 (including irrecoverable VAT and delivery).

Consequently, the revaluation adjustments are immaterial and for this reason, we have decided to discontinue revaluations and also write back all previous revaluations. As permitted by the FReM, 6.2.8h) and j), depreciated historical cost is now used as a proxy for current value on the basis that this realistically reflects consumption of the asset.

Under IAS16, the FSA value non-current assets using historic cost accounting. All property, plant and equipment assets are carried at fair value.

1.4 Depreciation and Amortisation

Freehold land and assets in the course of construction are not depreciated. All other assets are depreciated from the month following the date of acquisition. Depreciation and amortisation is provided at rates calculated to write-off the valuation of tangible and intangible fixed assets respectively by applying the straight-line method over the following estimated useful lives:

Property, plant and equipment	2011/12	2010/11
Computer servers and computer equipment	4 years	4 years
Office machinery	7 years	7 years
Furniture, fixtures and fittings	7 years	7 years

1.5 Research and Development

Expenditure on research is not capitalised. It is treated as an operating cost in the year in which it is incurred. Expenditure on development in connection with a product or service which is to be supplied on a full cost recovery basis is capitalised if it meets those criteria specified in IAS38. Other development expenditure is capitalised if it meets the criteria specified in the FReM which are adapted from the IAS38 to take account of the not-for-profit context. Expenditure which does not meet the criteria for capitalisation is treated as an operating cost in the year in which it is incurred. Non-Current assets acquired for use in research and development are depreciated over the life of the associated project, or according to the asset category if the asset is to be used for subsequent production work.

Most research projects have a retention clause to ensure the satisfactory delivery of the final report. The FSA's policy is to accrue for the final retention amount, if the work had been completed at the year end.

1.6 Operating Income

Operating income is income which relates directly to the operating activities of the FSA in NI. The FSA in NI has income from Meat Hygiene Inspection work and from government organisations. Income is recognised on an accruals basis reflecting the value of the work undertaken for the year and is shown net of Value Added Tax.

Income from meat hygiene inspections is recognised as time recorded by staff multiplied by charging rates and invoiced to industry. Until 26 September 2009, income was recognised at the lower of cumulative throughput or inspection time recorded by staff. However, with effect from 27 September 2009, time costs were charged with discounts applied to bring the charges down to the level of the 2008-09 charges, provided that throughput and resources

were unchanged. (The throughput charges were calculated at the end of the financial year to determine if the Food Business Operators (FBOs) had paid the minima). The FSA made additional charges to FBOs in respect of the 2011/12 financial year in order to ensure compliance with the EU's Minimum Charge per Livestock Unit Requirements. Additional charges have been included in note 12 as programme income relating to meat hygiene.

1.7 Administration and Programme Expenditure

The Statement of Comprehensive Net Expenditure is analysed between administration and programme costs. The department has no administration costs because FSA staff in NI are GB rather than NI Civil Servants.

1.8 Cost of Capital

The cost of capital charge has been removed due to an amendment of the FReM.

1.9 Pensions

Principal Civil Service Pension Scheme (PCSPS) is a multi employer unfunded contributory defined benefit scheme accounted for under the Civil Service Superannuation Estimate. It is not possible to separately identify the FSA's share of the assets and liabilities in the scheme. FSA present and past employees are covered by the provisions of PCSPS. The Department recognises the expected cost of providing pensions on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the scheme, the Department recognises the contributions payable for the year.

Further details can be found in the resource accounts of the Cabinet Office: Civil Superannuation and at www.Civilservice-pensions.gov.uk.

1.10 Early Departure Costs

FSA in NI is required to meet the additional cost of benefits beyond the normal PCSPS benefits in respect of employees who retire early. The department provides in full for this cost when the early retirement programme and similar schemes have been announced and are binding on the department.

1.11 Operating Leases

All operating leases are accounted for under IAS17, Leases. Classification is made at the inception of the relevant lease.

Operating leases are charged to the statement of comprehensive net expenditure on a straight line basis over the term of the lease. Operating lease incentives received are recognised as a reduction in the rental expenses and are allocated over the shorter of the lease or the period in which the rental has been reduced by the lessor. The allocation is on a straight line basis.

The FSA reviewed all existing contractual arrangements under 'International Accounting Standards Interpretations IFRIC4 Determining Whether an Arrangement Contains a Lease' to determine whether individual contracts are a lease in substance but not in legal form.

1.12 Audit Costs

A charge reflecting the cost of the audit is included in the operating costs. The FSA in NI is audited by the Comptroller and Auditor General (C&AG). No charge is made by the C&AG for this service, but a non cash charge representing the cost of the audit is included in the accounts.

1.13 Value Added Tax

The net amount of Value Added Tax (VAT) due to or from HM Revenue Customs is shown as a receivable or payable on the statement of financial position. Irrecoverable VAT is charged to the statement of comprehensive net expenditure, or if it is incurred on the purchase of a non-current asset it is capitalised in the cost of the asset.

1.14 Provisions

The Department provides for legal or constructive obligations which are of uncertain timing or amount on the statement of financial position date on the basis of the best estimate of the expenditure required to settle the obligation.

Provisions are recognised in the accounts where;

- a) there is a present obligation as a result of a past event;
- b) it is probable that a transfer of economic benefits will be required to settle the obligation and;
- c) a reliable estimate can be made of the amount.

Provisions have not been discounted, as the resulting adjustment is not considered material to these accounts. Contingencies are disclosed in the notes to the accounts unless the possibility of transfer in settlement is remote.

1.15 Contingent Liabilities

In addition to contingent liabilities disclosed in accordance with IAS37, the Department discloses for parliamentary reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have to be reported to the Northern Ireland Assembly in accordance with the requirements of Managing Public Money NI.

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS37 are stated at discounted amounts and the amount reported to the Northern Ireland Assembly separately noted. Contingent liabilities that are not required to be disclosed by IAS37 are stated at the amounts reported to the Northern Ireland Assembly.

1.16 Financial Assets and Liabilities

The FSA holds the following financial assets and liabilities:

1) Assets

- Cash and cash equivalents
- Trade Receivables – current
- Trade Receivables – non-current

2) Liabilities

- Trade and other payables
- Other payables > 1 year
- Provisions arising from contractual arrangements

Financial Assets and Liabilities are accounted for under IAS32, Financial Instruments: Presentation, IAS39 Financial Instruments: Recognition and Measurement and IFRS7 Financial Instruments: Disclosure. Cash balances are measured as the amounts received in FSA's bank account. FSA does not currently have cash equivalents. Trade Receivables have been measured at amortised cost using an effective interest method with impairment review carried out on a monthly basis. Trade and other payables are measured at fair value, with use of agreed invoiced amount, or management estimate in the case of accrued expenditure, forming the basis for valuation.

Cash balances are recorded at current values. Account balances are set-off only where there is a formal agreement with the bank to do so. Interest earned on bank accounts and interest charged on overdrafts are recorded as, respectively, 'Interest receivable' and 'Interest payable' in the periods to which they relate. Bank charges are recorded as operating expenditure in the periods to which they relate.

All other financial instruments are held for the sole purpose of managing the cash flow of the FSA on a day to day basis or arise from the operating activities of the FSA.

2 Analysis of Net Resource Outturn by section

								2011/12 £000	2010/11 £000
	Admin	Other current	Grants	Gross Resource Expenditure	Accruing Resources	Net total	Estimate	Net total outturn compared with Estimate	Prior Year Outturn
Request for Resources made by FSA in NI									
Central administration, shellfish testing, food surveillance, HACCP/Eatsafe, primary production, nutrition, milk hygiene and egg packing inspection and scientific services	-	4,480	1,296	5,776	(91)	5,685	5,899	214	5,754
Meat hygiene inspections and incident investigations	-	6,002	-	6,002	(3,494)	2,508	2,723	215	2,739
Notional Charges	-	8	-	8	-	8	12	4	16
Total	-	10,490	1,296	11,786	(3,585)	8,201	8,634	433	8,509

The FSA in Northern Ireland resource spend for the period was £8,201,000 compared to the estimate of £8,634,000. The underspend was largely due to expenditure on meat hygiene enforcement activity being less than expected and staff costs were less than budgeted due to members of staff leaving and not being replaced and delays in getting posts filled. This is explained in the Management Commentary Section of the Annual Report.

3a Reconciliation of net resource outturn to net operating cost

	Note	2011/12 £000	2010/11 £000
		Outturn	Outturn compared with Estimate
		Supply Estimate	Prior Year Outturn
Net Resource Outturn		8,201	8,509
Net Operating Cost		8,201	8,509

3b Outturn against final Administration Budget

The Food Standards Agency in Northern Ireland is excluded from the Administration budget regime.

4 Reconciliation of net resource outturn to net cash requirement

	Note	Estimate	Outturn	2011/12 £000 Net Total Outturn compared with estimate savings/ (excess)	2010/11 £000
Resource Outturn	2	8,634	8,201	433	8,509
Capital:					
Acquisition of non-current assets	14	10	8	2	27
Non-operating Accruing Resources:					
Proceeds of fixed asset disposals		–	–	–	–
Accruals adjustments:					
Non-cash items	11	(64)	(55)	(9)	(54)
Changes in working capital other than cash		838	612	226	(413)
Movement on provision	18	–	–	–	–
Net Cash Requirement		9,418	8,766	652	8,069

The FSA in Northern Ireland resource spend for the period was £8,201,000 compared to the estimate of £8,634,000. The underspend was largely due to expenditure on meat hygiene enforcement activity being less than expected and staff costs were less than budgeted due to members of staff leaving and not being replaced.

5 Analysis of income payable to the Consolidated Fund

There was no surrender of excess appropriations-in-aid or Consolidated Fund Extra Receipts payable to the Consolidated Fund.

6 Reconciliation of income recorded within the Statement of Comprehensive Net Expenditure to operating income payable to the Consolidated Fund

	2011/12 £000	2010/11 £000
Operating income	(3,585)	(3,959)
Income authorised to be appropriated-in-aid	3,585	3,959
Operating income payable to the Consolidated Fund	–	–

7 Non-operating income – Excess Accruing Resources

There was no non-operating income Excess Accruing Resources during the year.

8 Non-operating income not classified as Accruing Resources

There was no non-operating income not classified as Accruing Resources during the year.

9 Costs and number of staff

a) Programme staff costs consist of:

	2011/12 £000	2010/11 £000
Wages and Salaries	1,188	1,287
Social Security Costs	97	91
Other Pension Costs	229	236
Sub Total	<u>1,514</u>	<u>1,614</u>
Inward Secondment	11	6
Agency Staff	–	–
Total	<u>1,525</u>	<u>1,620</u>

No staff costs have been capitalised during the year.

b) The average number of whole-time equivalent persons employed by the FSA in Northern Ireland during the year 2011/12 were as follows:

2011/12			2010/11		
Permanent	Agency	Total	Permanent	Agency	Total
<u>36</u>	<u>–</u>	<u>36</u>	<u>37</u>	<u>–</u>	<u>37</u>

10 Other Administration Costs

The Food Standards Agency in Northern Ireland had no Administration Costs in 2011/12.

11 Programme Costs

a) Programme costs

	2011/12		2010/11	
	£000	£000	£000	£000
Rentals under operating leases:				
Hire of Plant & machinery		1		1
Other operating leases		134		128
Non-cash items:				
Depreciation	36		38	
Loss on disposal of fixed assets	11		–	
Audit fees*	8		16	
Total non-cash items		55		54
Accommodation costs		108		117
Staff overheads		99		101
Administration costs		75		98
IT costs**		119		114
Committee Costs		43		49
		634		662

* Audit fee for 2011/12 was £12k. This was offset by a credit of £4k from the previous year, reducing the amount disclosed in the note to £8k.

** Central IT costs are recharged to Devolved Offices from FSA Westminster.

b) Programme costs

	2011/12		2010/11	
	£000	£000	£000	£000
Monitoring and Surveillance:				
Enforcement & Audit/Local Authority		1,435		1,525
Food Safety & Education		–		35
Nutrition		471		461
Meat Inspection		6,000		6,539
Press & Publicity		333		78
Microbiological Food Safety		1,388		1,548
		9,627		10,186

12 Income

Operating income, analysed by classification and activity, is as follows:

	2011/12 £000	2010/11 £000
Programme income:		
Programme Income	(3,585)	(3,959)
	<u>(3,585)</u>	<u>(3,959)</u>

An analysis of programme income from services provided to external customers is as follows:

	2011/12 £000			2010/11 £000		
	Income	Full Cost	Surplus/ (Deficit)	Income	Full Cost	Surplus/ (Deficit)
Meat Hygiene Inspection	(3,494)	6,000	(2,506)	(3,828)	6,539	(2,711)
	<u>(3,494)</u>	<u>6,000</u>	<u>(2,506)</u>	<u>(3,828)</u>	<u>6,539</u>	<u>(2,711)</u>

The FSA's financial objective is to recover costs fully. In relation to Meat Hygiene Inspection charges Ministers previously agreed to an annual subsidy. However the FSA Board at the November 2009 Board meeting reiterated the expectation of moving towards full cost recovery in the coming years.

There currently remains a shortfall between the costs for the FSA of delivering the meat hygiene controls and income received from Food Business Operators (FBOs) for these services. This is effectively a subsidy of £2.5m from the FSA to the meat industry. EU regulations make provision for member states to take small/rural establishments into consideration when collecting fees and charges. However, the current system provides a level of subsidy to FBOs over and above that required by EU regulations.

In addition to meat hygiene inspection, the FSA also received income in respect of joint projects, namely the National Diet and Nutrition Survey and a sanitary survey.

The above information is provided to meet the Fees and Charges disclosure requirements of the FReM and has not been provided for Segmental Analysis purposes under IFRS 8.

13 Analysis of net operating cost by spending body

	2011/12 £000 Outturn	2010/11 £000 Outturn
Spending Body:		
FSA in NI	2,653	2,739
Grants to Local Authorities	1,296	1,435
Central Government	3,772	3,903
Non Departmental Public Bodies	480	432
Total	8,201	8,509

All grants were paid to public sector organisations.

14 Property, plant and equipment

a)

	Fixtures and Fittings £000	Office Equipment £000	Computer Equipment £000	Total £000
Cost or valuation				
At 1 April 2011	211	78	3	292
Additions	8	-	-	8
Disposals	(163)	(20)	(3)	(186)
At 31 March 2012	56	58	-	114
Depreciation				
At 1 April 2011	147	36	2	185
Charged in year	26	10	-	36
Disposals	(154)	(19)	(2)	(175)
At 31 March 2012	19	27	-	46
Carrying amount at 31 March 2012	37	31	-	68
Carrying amount at 31 March 2011	64	42	1	107
Asset financing				
Owned	37	31	-	68
Finance leased	-	-	-	-
On balance sheet PFI contracts	-	-	-	-
Carrying amount at 31 March 2012	37	31	-	68

b)

	Fixtures and Fittings £000	Office Equipment £000	Computer Equipment £000	Total £000
Cost or valuation¹				
At 1 April 2010	199	63	3	265
Additions	12	15	–	27
Disposals	–	–	–	–
At 31 March 2011	211	78	3	292
Depreciation¹				
At 1 April 2010	118	28	1	147
Charged in year	29	8	1	38
Disposals	–	–	–	–
At 31 March 2011	147	36	2	185
Carrying amount at 31 March 2011	64	42	1	107
Carrying amount at 1 April 2010	81	35	2	118
Asset financing				
Owned	64	42	1	107
Finance leased	–	–	–	–
On balance sheet PFI contracts	–	–	–	–
Carrying amount at 31 March 2011	64	42	1	107

1 The opening balances include an adjustment of prior year revaluations following the decision to discontinue modified historic cost accounting (mhca).

c)

	Fixtures and Fittings £000	Office Equipment £000	Computer Equipment £000	Total £000
Asset financing				
Owned	81	35	2	118
Finance leased	–	–	–	–
On balance sheet PFI contracts	–	–	–	–
Carrying amount at 1 April 2010	81	35	2	118

15 Trade receivables and other current assets

a)

	2011/12 £000	2010/11 £000
Amounts falling due within one year:		
Trade receivables	166	503
Prepayments and accrued income	647	533
VAT recoverable	395	526
	<u>1,208</u>	<u>1,562</u>

b) Intra-government balances

	2011/12 £000	2010/11 £000
Amounts falling due within one year:		
Balances with other central government bodies	395	526
Balances with local authorities	-	-
Balances with NHS Bodies	-	-
Balances with public corporations and trading funds	-	-
Subtotal: Intra-government balances	<u>395</u>	<u>526</u>
Balances with bodies external to government	813	1,036
Total at 31 March 2012	<u>1,208</u>	<u>1,562</u>

16 Cash and cash equivalents

a)

	2011/12 £000
Balance at 1 April 2010	268
Net change in cash and cash equivalent balances	1,104
Balance at 31 March 2011	1,372
Net change in cash and cash equivalent balances	(811)
Balance at 31 March 2012	561

	2011/12 £000	2010/11 £000
The following balances at 31 March were held at:		
Government Banking Service	561	1,372
Commercial banks and cash in hand	-	-
	561	1,372

b) Reconciliation of Net Cash Requirement to increase/(decrease) in cash

	2011/12 £000	2010/11 £000
Net cash requirement	8,766	8,069
From the Consolidated Fund (Supply) – current year	7,955	9,173
From the Consolidated Fund (Supply) – prior year	-	-
Amounts due to the Consolidated Fund received and not paid over	-	-
Increase/(decrease) in cash	(811)	1,104

17 Trade payables and other current liabilities

a) Analysis by type

	<u>2011/12</u> <u>£000</u>	<u>2010/11</u> <u>£000</u>
Amounts falling due within one year:		
Other taxation and social security	39	32
Trade payables	32	749
Other payables	15	23
Accruals	1,376	1,624
Amounts issued from the Consolidated Fund for supply but not spent at year end	561	1,372
	<u>2,023</u>	<u>3,800</u>

b) Intra-government balances

	<u>2011/12</u> <u>£000</u>	<u>2010/11</u> <u>£000</u>
Amounts falling due within one year:		
Balances with other central government bodies	1,861	3,482
Balances with local authorities	47	114
	<u>1,908</u>	<u>3,596</u>
Subtotal: Intra-government balances	1,908	3,596
Balances with bodies external to government	115	204
Total at 31 March 2012	<u>2,023</u>	<u>3,800</u>

18 Provisions for liabilities and charges

FSA in NI have no provisions for liabilities and charges.

19 Capital Commitments

The FSA in NI has no capital commitments.

20 Commitments under leases

Operating leases

Total future minimum payments under operating leases are given in the table below for each of the following periods.

	2011/12	2010/11
Obligations under operating leases for the following periods comprise:	£000	£000
Buildings:		
Not later than one year	134	134
Later than one year and not later than five years	256	390
Later than five years	-	-
	390	524
Other:		
Not later than one year	-	-
Later than one year and not later than five years	-	-
Later than five years	-	-
	-	-

21 Other financial commitments

The Food Standards Agency in Northern Ireland did not have any other commitments as at 31 March 2012.

22 Financial Instruments

IFRS 7 'Financial Instruments' requires disclosure of the role which financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. The Agency is financed by the Government and therefore it is not exposed to the risk faced by business entities. Also financial instruments play no role in creating or changing risk unlike that which would be typical of the listed companies to which IFRS 7 mainly applies. The Agency does not have any powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Agency in undertaking its activities.

The FSA in NI does not make use of derivatives or other financial instruments. All existing contractual arrangements have been reviewed for embedded derivatives, with no evidence found.

The FSA holds the following financial assets and liabilities:

Assets

Cash and cash equivalents (Note 16)

Trade Receivables – current (Note 15)

Liabilities

Trade and other payables (Note 17)

Provisions arising from contractual arrangements (Note 18)

The Financial Assets and Liabilities are measured at fair value which are not materially different from their carrying value.

Liquidity risk

The Agency finances its capital expenditure from funds made available from the Government therefore there is no exposure to liquidity risks.

Currency risk

The Agency does not have any transactions outside of the UK and therefore has no exposure to currency rate fluctuations.

Credit risk

The FSA in NI has no long term debt and both debtors and creditors fall within one year. The majority of income comes from the Department of Finance and Personnel. The vast majority of industry income is raised through the provision of statutory inspection charges. The provision of a statutory service is not contingent on a satisfactory credit check. The maximum exposure as at 31 March 2012 is in receivables from customers, as disclosed in the trade receivables note (Note 15).

Interest rate risk

The Agency has no borrowings nor interest bearing deposits. The Agency's financial assets and liabilities carry nil rates of interest. The Agency is not, therefore exposed to interest-rate risk.

23 Contingent Liabilities

There were no contingent liabilities.

24 Losses and Special Payments

The Food Standards Agency in Northern Ireland did not make any special payments during 2011/12. £2,000 of bad debt was written off relating to income from meat hygiene inspections.

25 Related-Party Transactions

None of the Board Members, key managerial staff or related parties have undertaken any material transactions with the FSA in Northern Ireland during the year.

The FSA in Northern Ireland had a number of transactions with other government departments and other central government bodies. All Related Parties are with Other Government Bodies.

In Northern Ireland, these were the the Department of Agriculture and Rural Development (DARD) £6,866k, Agri-Food and Biosciences Institute (AFBI) £410k, Department of Health (DH) £262k, Central Office of Information £209k, Sport NI £14k, Department of Education NI £11k, Centre for Environment, Fisheries and Aquaculture Science (CEFAS) £9k, Food Environment Research Agency (FERA) £7k and Department of Finance and Personnel (DFP) £5k.

26 Post Balance Sheet Events

In accordance with the requirements of IAS 10 Events after the reporting period, post balance sheet events are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General. There are no post balance sheet events.

27 IFRSs, amendments and interpretations in issue but not yet effective, or adopted

IAS 8, accounting policies, changes in accounting estimates and errors, require disclosures in respect of new IFRS's, amendments and interpretations that are, or will be applicable after the accounting period. There are a number of IFRS's, amendments and interpretations issued by the International Accounting Standards Board that are effective for financial statements after this accounting period. The following have not been adopted early by the FSA:

- IFRS 7 Financial Instruments: Disclosures Amendment to allow for better comparisons between financial statements. The effective date is for accounting periods beginning on or after 1 January 2013. Also an amendment to improve the disclosure requirements in relation to transferred financial assets which is effective for accounting periods beginning on or after 1 July 2011.
- IFRS 9 Financial Instruments: A new standard intended to replace IAS 39. The effective date is for accounting periods beginning on, or after 1 January 2015.
- IFRS 13 Fair Value Measurement: IFRS 13 applies when other IFRS's require or permit fair value measurements. The new requirements are effective for accounting periods beginning on, or after 1 January 2013.
- IAS 1 Presentation of Financial Statements: Amendment to the existing standard to improve disclosures to users of the accounts. The effective date is for accounting periods beginning on, or after 1 June 2012.
- IAS 19 Employee Benefits: The amendments will improve the recognition and disclosure requirements for defined benefit plans and modify the accounting for termination benefits. The new requirements are effective for accounting periods beginning on or after 1 January 2013.
- IAS 32 Offsetting Financial Assets and Financial Liabilities: Amendments to clarify the application of offsetting requirements. The amendments are effective for accounting periods beginning on or after 1 January 2014.

None of these new or amended standards and interpretations are likely to be applicable or are anticipated to have future material impact on the financial statements of the FSA.

28 Entities within the Departmental Boundary

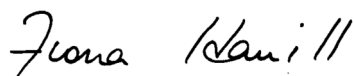
The FSA in NI has no other entities within its Departmental Boundary.

29 Date authorised for issue

The Accounting Officer authorised these financial statements for issue on 29 June 2012.

ACCOUNTS DIRECTION GIVEN BY THE DEPARTMENT OF FINANCE AND PERSONNEL IN ACCORDANCE WITH SECTION 9(2) OF THE GOVERNMENT RESOURCES AND ACCOUNTS ACT (NORTHERN IRELAND) 2001

1. This direction applies to those **Northern Ireland departments** and club **pension schemes** listed in the attached appendix.
2. These departments and **pension schemes** shall prepare resource accounts for the year ended 31 March 2012 and subsequent financial years, in compliance with the accounting principles and disclosure requirements of the extant edition of the *Government Financial Reporting Manual* ('the FReM').
3. The accounts for **Northern Ireland departments** shall be prepared so as to:
 - (a) give a true and fair view of the state of affairs at 31 March 2012 and subsequent financial years and of the net resource outturn, the application of resources, changes in taxpayers' equity and cash flows for the financial year then ended; and
 - (b) provide disclosure of any material expenditure or income that has not been applied to the purposes intended by the NI Assembly or material transactions that have not conformed to the authorities which govern them.
4. The accounts for club **pension schemes** shall be prepared so as to:
 - (a) give a true and fair view of the state of affairs at 31 March 2012 and subsequent financial years and of the net resource outturn, changes in taxpayers' equity and cash flows for the financial year then ended;
 - (b) provide disclosure of any material expenditure or income that has not been applied to the purposes intended by the NI Assembly or material transactions that have not conformed to the authorities which govern them; and
 - (c) demonstrate that the contributions payable to the Scheme during the year have been paid in accordance with the Scheme rules and the recommendations of the Actuary.
5. Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed in the first instance with DFP.



Fiona Hamill

Treasury Officer of Accounts

