
Food Standards Agency Northern Ireland

Resource Accounts 2006-07

(For the year ended 31 March 2007)

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Annual Report

Preparation of Accounts

The Food Standards Agency Northern Ireland (FSANI) forms part of the UK wide Food Standards Agency, a non-ministerial Government department. These accounts have been prepared for FSANI 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 FSANI accounts have been prepared in accordance with the direction given by the Department of Finance and Personnel.

Statutory Background

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

Aims of the Food Standards Agency

Our Strategic Plan 2005-10 sets out our key priorities for food safety, public information, labelling and choice, nutrition and diet and food law enforcement over a five year period. Our aim is to be trusted as the UK's most reliable source of advice and information about food. We want to protect and improve the safety of the food people eat, and to make it easier for people to choose a healthy diet.

Over the period covered by our Strategic Plan we aim to focus on:

- *Food Safety*
reducing foodborne disease further;
delivering proportionate Bovine Spongiform Encephalopathy (BSE) and Transmissible Spongiform Encephalopathies (TSE) controls based on the latest scientific knowledge; and
building and maintaining the trust of stakeholders in our handling of food safety issues;
- *Eating for Health*
enabling consumers to choose a healthier diet and helping reduce diet-related disease;
- *Choice*
enabling consumers to make informed choices; and
to protect consumers from food fraud and illegal practices.

We are committed to three core values that govern all that we do. They are to:

- put the consumer first;
- be open and accessible; and
- be an independent voice.

Management Commentarya) *The responsibilities of the FSANI*

The FSANI has a wide remit that includes protecting public health, 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 surveillance, developing policy and legislation and representing the UK on food matters in Europe.

The work of the FSANI focuses on food safety and standards issues across the food chain, including:

- 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;
- inspection and enforcement action to protect 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) of meat and other food controls on behalf of FSANI;
- pesticides, veterinary medicines and animal feed – assessing food safety implications;
- the management of food and feed incidents to protect public health and the interests of consumers;
- food labelling and standards – developing policy, improving consumer choice; and
- nutrition – providing advice and guidance on the nutritional composition of food, and providing information on a healthy, balanced diet, to promote and protect public health.

b) *Resource spend in 2006/07*

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

	Estimate £m	2006/07 Net Operating Cost £m
FSA Northern Ireland	<u>9.4</u>	<u>9.2</u>

The comparative figures for 2005/06 are shown below:

	Estimate £m	2005/06 Net Operating Cost £m
FSA Northern Ireland	<u>8.4</u>	<u>8.0</u>

The net cost of the FSA Northern Ireland was £9.2m against available funding of £9.4 to 31st March 2007. The notes to the accounts provide a breakdown of FSANI expenditure.

c) *Performance Reporting*

The FSA's 2006/07 Annual Report explains in detail the work and achievements of the organisation during the year. Copies of these reports are also available from 'The Stationery Office', and the FSA's website.

Performance during the year is summarised below:

Food Safety

- in the FSA's first Strategic Plan, we set ourselves the target of reducing food born illness by 20% by 2006. Working with industry and local authorities, we have achieved a reduction of 19.2% by 2005 compared to the 2000 baseline. It is estimated that cases have reduced by 1.5m at a cost of £750m over this period;
- the FSA has promoted the new EU food hygiene legislation, which now includes most areas of farming for the first time;
- the Safer Food, Better Business (SFBB) packs were rolled out in May 2006 to small retail businesses across the UK;
- contracts of more than £4m were awarded to 99 local authorities through 33 projects to boost food safety initiatives;
- a new food surveillance system was launched in Northern Ireland, to act as a central databank for health professionals and enable the rapid transfer and exchange of information about food samples being sent to laboratories;
- a booklet entitled 'Starting up – your first steps to running a catering business' was aimed at people setting up restaurants or cafes;
- revised guidance was issued to health professionals regarding the storage of powdered infant milk;
- 'Eat Safe' and e-CookSafe schemes were promoted in Northern Ireland and Scotland respectively;
- in May 2006, our long term classification system for shellfish harvesting was implemented. The classification delivers improved public health protection through banding beds according to bacterial count;
- working with the Meat and Livestock Commission, we produced an illustrated guide for butchers explaining how to remove SRM vertebral column in cattle between 24 and 30 months;
- in December 2006 we updated our advice on the management of suspected botulism in cattle and how this affects the food chain. During the same month, we published details of FSA funded work in relation to checks for illegal dyes in imported foods by local authorities;
- the achievement of Service Level Agreements with the Department of Agriculture and Rural Development in Northern Ireland for hygiene inspection services relating to milk and eggs, and the Agri-Food and Biosciences Institute for science and technical services;
- in August 2006 the courts agreed to the condemnation of meat seized as part of an investigation into the re-packaging of meat at Euro Freeze Ireland (Ltd);
- in April 2006 the FSA Board agreed to the setting up of the Food Fraud Task Force. This will look at health marking and identification of animal by-products, and the final report is due in October 2007; and

- working with Defra, the Health Protection Agency and the Meat Hygiene Service, the FSA investigated the Avian Flu outbreak in Suffolk. The investigation concluded that there was no evidence that any meat had entered the UK food chain from restricted zones in Hungary.

Eating for Health

- working in partnership with health and education departments, local authorities, schools, consumer groups and the food industry, we aim to improve consumer diet and health. From October 2006, the FSA has played a key role in the Nutrition Strategy Steering Group set up by the Department of Health;
- the FSA's salt awareness campaign continued in early 2007 with TV adverts to inform consumers about salt levels in processed foods;
- our website www.eatwell.gov.uk continued to provide practical advice and tips on healthy eating;
- the Agency is playing a leading role in the implementation of the Fit Futures report on Childhood Obesity in Northern Ireland;
- we continue to support **food: the local vision**, in association with local authorities, to promote access to safe, sustainable and nutritious food;
- in May 2006 we published target nutritional specifications for a range of manufactured foods in school meals. We also undertook a systematic review of the effect of diet and nutrition on children's learning, which confirmed the need for additional work; and
- we published advice for students, in conjunction with the University of Ulster, and published nutrient and food-based advice for residential care homes.

Choice

- we want to make it easier for consumers to make informed choices. Support for our recommended traffic light colour signpost labelling grew during the year, and in Northern Ireland specifically, several new food companies agreed to adopt the scheme. In January 2007 we launched the next stage of the campaign, a series of television adverts;
- we established an independent panel to take forward an evaluation of the impact of front-of-pack nutritional labelling in shopping behaviour;
- in Northern Ireland, the Agency held its first People's Panel event in Irvinestown, involving low income consumers, which enabled those participating to express their views on issues associated with food choices;
- in April 2006 we published guidance for manufacturers and caterers to improve labelling for vegans and vegetarians. Similarly, we issued guidance on allergy labelling; and
- we undertook our annual Consumer Attitudes Survey. The 2006 survey highlighted steadily rising consumer awareness of the FSA and its role in providing advice for consumers.

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 appointment of the Chief Executive on a fixed term appointment was agreed by the Cabinet Office. 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 Northern Ireland Ministers. Two Board Members were appointed by Scottish Ministers, one by the National Assembly for Wales, and one by Northern Ireland

Office Ministers. These members have special responsibility for Scottish, Welsh and Northern Irish issues. 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. The annual increase in Board Members' remuneration is based on that recommended for office holders by the Senior Salaries Review Body. Senior Civil Service (SCS) staff salaries are uplifted in line with the central (Cabinet Office) SCS performance based pay and review system.

The Board is accountable to Parliament through the Secretary of State for Health, to Health Ministers in Scotland and Wales, and to the Minister of Health, Social Services and Public Safety in Northern Ireland.

The FSA Board

During the year, the following were members of the non-executive FSA Board:

Dame Deirdre Hutton – FSA Chair
Dr Ian Reynolds – FSA Deputy Chair (from 1st February 2007)
Julia Unwin – FSA Deputy Chair (until 31st December 2006)

Other Board members:

Richard Ayre – Acting FSA Deputy Chair from 11th December 2006 to 28th February 2007)
Chrissie Dunn
Dr Maureen Edmondson – Chair of the Northern Ireland Food Advisory Committee
Professor Bill Reilly
Alan Gardner (until 31st July 2006)
Baroness Valerie Howarth of Breckland (until 28th February 2007)
Iain MacDonald (until 31st May 2006)
Professor Graeme Millar – Chair of the Scottish Advisory Committee
Chris Pomfret
Sandra Walbran
Nelisha Wickremasinghe (until 28th February 2007)
Michael Parker (from 1st June 2006)
Tim Bennett (from 1st March 2007)
Nancy Robson (from 1st March 2007)

FSA Management Team

Day to day management of the FSA is exercised through the Executive Management Board (EMB). Membership during the year was as follows:

John Harwood – Chief Executive (from 3rd April 2006)
Pat Stewart – Deputy Chief Executive and Director of Corporate Resources
David Statham – Director of Enforcement
Vivienne Collette – Director of Legal Services
Dr Andrew Wadge – Director of Food Safety Policy
Terrence Collis – Director of Communications (from 24th April 2006)
Brian Davies – Human Resources
Allan Hutton – Finance Director
Alick Simmons – Veterinary Director
Gill Fine – Director of Consumer Choice and Dietary Health
Dr George Paterson – Director of FSA Scotland
Morris McAllister – Director of FSA Northern Ireland
Joy Whinney – Director of FSA Wales
Steve McGrath – Chief Executive of the Meat Hygiene Service (from 1st November 2006)
Chris Lawson – Chief Executive of the Meat Hygiene Service (retired 15th March 2007)

All senior officials have been appointed under the rules laid down by the Civil Service Commissioners, with the exception of the Chief Executive. The Cabinet Office has agreed to his appointment until April 2008. Salary and pension details of the Board and the EMB are disclosed below.

Pat Stewart retired at the end of April 2007.

Corporate Governance

Parliamentary Accountability

The Food Standards Agency is a non Ministerial government department. It is headed by an independent Chair, with an external board responsible for the overall strategy of the organisation. The Board provide independent advice to Health Ministers on food related issues.

The FSA Board

The FSA Board members are independent non-executives. They join the Board following open recruitment, and are expected to follow the Nolan principles of public life. The FSA maintains a register of Board Member details and interests. This is available on our website www.food.gsi.gov.uk/aboutus/ourboard/boardmem.

The FSA Board meets around 10 times per year. Many of these Board meetings are held in public, across the United Kingdom, to ensure that consumers have their say in policy decisions made by the agency. The minutes of these Board Meetings are available on the FSA's website.

The FSA also has an Executive Management Board (EMB) which is chaired by the Chief Executive. This board is made of executive staff and ensures that the policies promoted by the FSA External Board are put into effect.

Internal Controls

The FSA has put in place arrangements to provide assurance on risk management, governance and internal control:

- the FSA has an Audit Committee chaired by an independent non-executive. The Chair of the Audit Committee reports regularly to the main FSA Board;
- the FSA's Internal Audit function operates in accordance with Government Internal Audit Standards. This service has been sub-contracted out to PKF on a three to five year contract; and
- the FSA maintains a Risk Register which is discussed regularly at FSA Board meetings. During the year a Risk Committee was established to improve the organisation's risk modelling and management.

The NI Food Advisory Committee

The FSANI has a Food Advisory Committee which is in place to provide 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:

Maureen Edmondson (Chair)
Paul Archer
Sinead Furey (appointed 1st August 2006)
Barbara Livingstone (appointed 1st August 2006)
Tony McCusker
Alex McGarel
John Moore (appointed 1st August 2006)
Jack Pearce

Michael Walker (appointed 1st August 2006)
Patricia McCusker (until 31st July 2006)
David Mark (until 31st July 2006)
David Collins (until 31 July 2006)
David McDowell (until 31st July 2006)
Samuel Miskelly (until 31st July 2006)
Alan Crowe (until 31st December 2006)

FSA Audit Committee

The FSA has an Audit Committee to advise the Accounting Officer in relation to issues of risk, control, governance and associated assurance. The Chair of the Audit Committee produces an annual report to the FSA Board on the work of the Audit Committee.

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

Professor Graeme Millar – Chair
Chrissie Dunn
Richard Harbord – external non FSA Board Member
Michael Parker (from 14th February 2007)
Chris Pomfret (from 14th February 2007)
John Harwood (until 14th February 2007)
Pat Stewart (until 14th February 2007)
Joy Whinney (until 14th February 2007)

During the year, following the publication of the Treasury's draft Audit Committee Handbook, it was decided that executive staff would no longer be members of the Audit Committee. The Chief Executive continues to attend meetings, but is no longer a member. The move will strengthen the independence of the committee, and similar changes were incorporated into the MHS's Audit Committee.

The Audit Committee discussed a range of issues during the year, including a number of internal audit reports including:

- Human Resources;
- Counter Fraud Testing;
- Security;
- IT Back Up and Recovery Procedures;
- Primary Production Division;
- Analytical Services, Surveys and Research Policy;
- Managing Independence;
- Information Management;
- Review of Financial Systems;
- Commissioning Research;
- Audit of Official Controls in Approved Meat Establishments; and
- Interaction with the Meat Hygiene Service.

Towards the end of 2006, it was decided that a separate Risk Committee should be established to improve risk modelling and management across the organisation. This committee is chaired by Chris Pomfret. A decision will be made during 2007 to either retain a separate Risk Committee or for it to merge back with the Audit Committee once overall risk management and reporting has been reviewed. Although risk management is under review, the following have been identified as significant risks which, if not achieved, could impinge on the FSA achieving its overall aims and objectives:

- the FSA's reputation;
- achieving effective co-operation of the food industry;
- operating effectively in Europe and other international arenas;
- ensuring the FSA remains an independent organisation;
- developing the staff and skills the FSA needs to carry out its functions; and
- effective financial management.

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.

Staff Relations

The FSANI attaches considerable importance to securing the full involvement of all staff in its work. Staff are encouraged to use their own initiative to enhance the work of the FSA. Senior management meet formally at regular intervals with trade union representatives. The Chief Executive holds regular open meetings to which all staff are invited and encouraged to attend. "FSA Matters", an in-house newsletter, is circulated weekly to all staff and 'Feedback' provides staff with a quarterly update on the work of the organisation. Staff and other stakeholders also receive "FSA News", published every two months. The Director of FSA NI also holds regular staff meetings.

Pensions

Employees of the FSANI are UK rather than Northern Ireland civil servants and 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.

The FSA Board are not civil servants and are therefore not members of the PCSPS. However, some Board Members have similar pension arrangements independent of the PCSPS.

Equal Opportunities

The FSANI aims to be a modern and equitable employer, and recognises and encourages the potential of a diverse workforce. The FSA is committed to equal opportunities and aims to ensure that everyone who works for or with the FSA should be treated fairly and with respect. Consequently, no employee or job applicant will be discriminated against either directly or indirectly on such grounds as race, gender, marital status, nationality, ethnicity, colour, religion, political beliefs, disability, age, sexual orientation, responsibility for dependants, working pattern or position in the organisation. The FSANI operates a guaranteed interview scheme for people with disabilities (as defined by the Disability Discrimination Act 1995) who meet the minimum essential criteria for the appointment. The FSANI employs 1 staff member who has declared a disability.

Supplier Payment Policy

It is Government policy that all departments and agencies should pay all invoices not in dispute within 30 days of receipt, or the agreed contractual terms if otherwise specified. During the year in excess of 98% of invoices were paid on time.

Environmental Policy

We are fully committed to conserving energy, water and other resources and reducing waste.

Financial Instruments

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

Auditors

The accounts have been audited by the Comptroller and Auditor General in accordance with schedule 4 of the Food Standards Act 1999.

I am not aware of any relevant information that has not been made available to the auditors. 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.

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.

Important Events which have occurred since the end of the Financial Year

None.

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;
- 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 until they reach the normal retiring age of 60. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

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

Salary and Pension Entitlements

Full details of the remuneration and pension interests of FSA Board Members and the Executive Management Board are as follows:

a) *Remuneration:***Executive Management Board**

	Salaries inc Bonuses	2006-07 Bonuses	Benefits in kind	2005-06 Salaries & Other Allowances
Bands	£5,000 (£000)	£5,000 (£000)	£1,000	£5,000 (£000)
Morris McAllister Director, FSA Northern Ireland	100–105	5–10	–	80–85

Salary

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

Benefit in Kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the Inland Revenue 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**

	Real increase in Pension at age 60	Total accrued Pension at age 60 31 March 2007	Total accrued lump sum at age 60 31 March 2007	2006-07 CETV at 31 March 2007	CETV at 31 March 2006	Real Increase in CETV
Bands	£2,500 (£000)	£5,000 (£000)	£5,000 (£000)	(£000)	(£000)	(£000)
Morris McAllister Director, FSA Northern Ireland	0–2.5	40–45	120–125	957	877	40

Executive Management Board

	Real increase in Pension at age 60	Total accrued Pension at age 60 31 March 2006	Total accrued lump sum at age 60 31 March 2006	2005-06 CETV at 31 March 2006	CETV at 31 March 2005	Real Increase in CETV
Bands	£2,500 (£000)	£5,000 (£000)	£5,000 (£000)	(£000)	(£000)	(£000)
Morris McAllister Director, FSA Northern Ireland	0–2.5	30–35	100–105	799	636	27

A number of FSA Board members benefit from a by analogy pension scheme similar to the PCSPS. CETV is Cash Equivalent Transfer Value for pension entitlement

John Harwood

Chief Executive and Accounting Officer

27 June 2007

Statement of Accounting Officer's Responsibilities

1. Under the Food Standards Act, 1999, the Food Standards Agency is required to prepare resource accounts for each financial year. This is to conform with a DFP direction detailing the resources acquired, held, or disposed of during the year and the use of resources by the Department during the year.
2. The resource accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Department, the net resource outturn, resources applied to objectives, recognised gains and losses, and cash flows for the financial year.
3. DFP has appointed the Chief Executive as Principal Accounting Officer of the Department with overall responsibility for preparing the Department's accounts and for transmitting them to the Comptroller and Auditor General.
4. In preparing the accounts, the Principal Accounting Officer is required to comply with the Financial Reporting Manual (FReM) prepared by HM Treasury, and in particular to;
 - a. observe the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
 - b. make judgements and estimates on a reasonable basis;
 - c. state whether applicable accounting standards, as set out in the FReM, have been followed, and disclose and explain any material departures in the accounts; and
 - d. prepare the accounts on a going-concern basis.
5. The responsibilities of an Accounting Officer (including responsibility for the propriety and regularity of the public finances, for keeping proper records and for safeguarding the Department's assets) are set out in the Accounting Officer Memorandum issued by DFP and published in Government Accounting Northern Ireland.

John Harwood
Chief Executive and Accounting Officer
27 June 2007

Statement on Internal Control

1. Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Food Standards Agency (FSA)'s policies, aims and objectives, whilst safeguarding the public funds and agency assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting. This statement covers the whole of the agency, Westminster-funded FSA (including the Meat Hygiene Service), FSA Scotland, FSA Wales, and FSA 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 FSA Executive Management Board attend meetings of the FSA Board. I also meet with the FSA Board Chair and Deputy Chair each week.

I have been appointed as Accounting Officer for the Westminster funded FSA by Her Majesty's Treasury, and for FSA Northern Ireland by the Department of Finance and Personnel (DFP). I also act in this capacity for FSA Wales and FSA Scotland. Although the activities of these offices are funded through the devolved authorities, they remain part of the United Kingdom FSA. The FSA has a single executive agency, the Meat Hygiene Service operating in Great Britain. The Chief Executive of the MHS has been appointed as Agency Accounting Officer for the MHS. As Agency Accounting Officer, he is responsible to me and to Parliament for the MHS's use of resources in carrying out its functions in accordance with his delegated authorities.

The FSA has in place the key elements of an effective system of internal control including:

- an Executive Management Board, chaired by myself and comprising all UK Directors, which normally meets monthly;
- Internal Audit arrangements, which comply with Government standards, including a risk-based audit programme linked to the strategic risks of the organisation and audit of corporate governance and controls in the devolved offices;
- regular reports by Internal Audit, which include an independent annual opinion of the adequacy and effectiveness of the organisation's system of internal control together with recommendations for improvement;
- an Audit Committee, constituted in line with HM Treasury's draft Audit Committee Handbook issued in July 2006, to advise me as Accounting Officer. The Committee meets four times a year with a non-executive chair who reports annually to the FSA Board on the work of the Committee;
- a strategic plan which sets out the FSA's main aims and objectives for 2005-2010;
- a strategic risk register incorporating risk treatment plans and an independent Risk Committee established during the year;
- business and financial planning processes (corporate and local business plans) which explicitly take into consideration business risk;
- financial performance reports are discussed at the Executive Management Board's monthly meetings;
- regular reports by the Executive and by Internal Audit on internal controls are circulated to Audit Committee members;

- signed quarterly reports from budget managers on how they manage their budgets within their delegated authority, to meet their objectives and their compliance with corporate governance responsibilities;
- assurance from the Chief Executive of the Meat Hygiene Service on internal controls and attendance at the MHS Audit Committee. The MHS publishes its own annual accounts including a Statement on Internal Control audited by the Comptroller and Auditor General. The MHS maintains its own Internal Audit service and has established an independent Audit Committee. The FSA is represented at the MHS Audit Committee and has access to all MHS internal and external audit reports; and
- a Corporate Governance page on the FSA Intranet linked to all available guidance and instructions. It is continually reviewed and updated.

2. The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of 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 the risks efficiently, effectively and economically. The system of internal control has been in place in the FSA for the year ended 31 March 2007 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

3. Capacity to handle risk

The FSA management team has incorporated risk management and internal controls into the organisation's business agenda and they are reviewed and reported on regularly throughout the year. Risk owners also formally review each of the risks on the Strategic Risk Register at least once a quarter and produce a written report for the Chief Executive.

The responsibility for managing the principal risks on a day to day basis is assigned to Senior Managers and they are required to ensure that adequate attention is given to this task.

Two risk policy statements have been issued; a framework for managing business risk which incorporates Treasury guidance, and a food risk framework which describes, for a general audience, the FSA's approach to managing food risks. A business risk handbook setting out the arrangements in place within the organisation to manage business risk, which includes the process for risk escalation and the responsibilities of individuals throughout the organisation, has been made available to all staff. A programme of training and support for the business planning process has been developed. This includes training on risk management.

The business planning process is formally reviewed each year and amended to reflect lessons learnt and to build in examples of best practice. In addition we have established cross-FSA workshops to discuss business planning issues and learn from and disseminate good practice.

Additionally, during the year, an independent Risk Committee, chaired by Chris Pomfret, was established to help ensure improvements with regard to how the FSA identifies, models and manages risk. The committee is due to report back to the Board towards the end of 2007. At this stage a decision will be made to either retain a separate Risk Committee or for it to merge back with the Audit Committee.

4. The risk and control framework

In the FSA the main processes which we have in place for identifying, evaluating and managing risks are as follows:

- **Strategic risks:** these are identified and monitored by the Executive Management Board and formally reviewed on a quarterly basis. They are also included in the strategic risk register. Ownership of each risk has been allocated to a Director who is responsible for managing the likelihood and impact of the risk;
- **Major project risks:** these are managed to project management standards and are included in a risk register. We use project management techniques based on PRINCE methodology for IT and other applications. In addition there are well defined and documented procedures (and a specific IT system) for the procurement and management of the FSA's £17m research portfolio; and
- **Local risks:** the FSA has decided that lower level risk registers would not be proportionate and local managers have discretion as to how these risks are managed.

The major risks identified which could impinge on the FSA's ability to achieve its aims and objectives include:

- the FSA's reputation;
- achieving effective co-operation of the food industry;
- operating effectively in Europe and other international arenas;
- ensuring the FSA remains an independent organisation;
- developing the staff and skills the FSA needs to carry out its functions; and
- effective financial management.

The Food Standards Act 1999 places an obligation on the FSA to protect public health and act in the interest of consumers.

In matters of public health the FSA takes a precautionary approach to risk which means that action may be taken before there is conclusive proof of a hazard. Actions taken will be proportionate to the best judgement of the risk based on the best evidence available and will be reviewed if new evidence emerges.

Our management of risk is embedded in policymaking, planning and delivery by incorporating risk management and internal controls into the organisation's business agenda so they are reviewed and reported on regularly throughout the year.

Heads of Divisions formally review their business plans and business risks each quarter and sign a statement to confirm this has taken place. The planning process has been fully supported through a programme of targeted support and training (including risk management) to meet the needs of different parts of the organisation.

Our risk environment involves managing risks which impact on the public. The Board of the FSA holds all its policy decision-making meetings in public. The venues and agendas are published in advance and the papers are publicly available. There is the opportunity for members of the audience to ask questions at each meeting. Questions may also be submitted in advance of each meeting, by e-mail. Board meetings are webcast live via our website, and the webcasts are also archived on our website as publicly available video-on-demand.

We regard consultation with our stakeholders as an essential part of fulfilling our core values. We are required by statute to consult on our activities with those affected by our decisions. As well as a great deal of informal contact with stakeholders, the FSA carries out formal written public consultations as part of the development of policy. We also conduct stakeholder fora on key issues where we invite key stakeholders to meet and discuss differing points of view.

One of our core values is to put consumers first and we involve consumers in a variety of ways to alert the FSA to key issues of current or emerging consumer concern; comment on the FSA's strategic objectives and forward plan; and provide the FSA with feedback on the effectiveness of our policies in responding to consumer concerns.

5. Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the Executive managers within the 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 a plan to address weaknesses and ensure continuous improvement of the system is in place. During 2006/07 a Management Information System was established for reporting to the Board. This included a "traffic light" reporting system which incorporated green, amber or red summary reporting, with the option of drilling down further to analyse data in more detail. Board Members have commented favourably on this reporting system.

The FSA makes stringent efforts to maintain and review the effectiveness of the system of internal control. Additional measures to strengthen controls will be incorporated if gaps are identified.

The FSA's Internal Audit arrangements include a risk-based audit programme linked to the strategic risks of the organisation. These audit arrangements comply with Government Internal Audit standards. Work undertaken by Internal Audit during the year included a review of human resource management systems, counter fraud testing, security, IT back up and recovery procedures, information management, commissioning research, managing independence, interaction with the MHS and a number of divisional reviews. Controls and procedures were generally found to be effective, but some improvements were proposed to local business objective setting and planning. Recommendations were also made to improve the FSA's commissioning of research work.

Internal Audit work completed during the year highlighted the need for improved risk management, be less cautious in managing change and the need to improve performance management across the agency generally. Financial controls can be applied too mechanistically.

Additional Internal Audit work was also undertaken in the FSA's devolved offices. Arrangements were generally satisfactory, with the following comments:

FSA Northern Ireland

Corporate governance controls were generally effective, but the business continuity plan remains to be fully tested (this was subsequently tested prior to the end of the financial year). Work undertaken in year emphasised the additional financial risks that FSANI will face once charging for meat hygiene inspections and specified risk material controls is on an actual rather than fixed price basis in 2007/08.

FSA Scotland

Internal Audit work undertaken in year identified that further development work is needed in identifying risks unique to FSA Scotland. However, it is anticipated that improved risk management will be fully operational in 2007/08.

FSA Wales

Corporate governance controls were found to be working effectively.

John Harwood

Chief Executive and Accounting Officer

27 June 2007

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 (Northern Ireland) for the year ended 31 March 2007 under the Food Standards Act 1999. These comprise the Statement of Parliamentary Supply, the Operating Cost Statement and Statement of Recognised Gains and Losses, the Balance Sheet, the Cashflow Statement and the Statement of Operating Costs by Departmental Aim and Objectives 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

The Accounting Officer is responsible for preparing the Annual Report, which includes the Remuneration Report, and the financial statements in accordance with the Food Standards Act 1999 and Department of Finance and Personnel for Northern Ireland directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Accounting Officer's Responsibilities.

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

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with Department of Finance and Personnel for Northern Ireland directions issued under the Food Standards Act 1999. I report to you whether, in my opinion, certain information given in the Annual Report, which includes the Statutory Background, Aims of the Food Standards Agency, Management Commentary and Remuneration Report, is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the Northern Ireland Assembly and the financial transactions conform to the authorities which govern them.

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

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

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinion

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

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

Opinions**Audit Opinion**

In my opinion:

- the financial statements give a true and fair view, in accordance with the Food Standards Act 1999 and Department of Finance and Personnel for Northern Ireland directions made thereunder, of the state of the Department's affairs as at 31 March 2007, and the net cash requirement, net resource outturn, net operating cost, operating costs applied to objectives, recognised gains and losses and cashflows for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with Department of Finance and Personnel for Northern Ireland directions issued under the Food Standards Act 1999; and
- information given within the Annual Report, which includes the Statutory Background, Aims of the Food Standards Agency, Management Commentary and Remuneration Report, is consistent with the financial statements.

Audit Opinion on Regularity

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

Report

I have no observations to make on these financial statements.

John Bourn
Comptroller and Auditor General

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

3 July 2007

Statement of Parliamentary Supply

for the year ended 31 March 2007

		2006-07						2005-06	
		Estimate			Outturn			Net total outturn compared with estimate saving/ (excess)	Prior year outturn
		Gross Expenditure	A-in-A	Net Total	Gross Expenditure	A-in-A	Net Total		
Note		£000	£000	£000	£000	£000	£000	£000	
Resources									
Request for resources 1	2	12,754	(3,394)	9,360	12,545	(3,393)	9,152	208	8,010
Total resources		12,754	(3,394)	9,360	12,545	(3,393)	9,152	208	8,010

		2006-07			2005-06	
		Note	Estimate	Outturn	Net total outturn compared with Estimate saving/ (excess)	Prior year outturn
			£000	£000	£000	£000
Net cash requirement		4	9,557	7,896	1,661	8,732

Summary 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.

Explanation of variances between Estimates and Outturn

The FSA Northern Ireland resource spend for the period was £9,152,000 compared to the annual resource budget of £9,360,000. The underspend was largely due to expenditure on meat hygiene enforcement activity being less than expected.

Operating Cost Statement

for the year ended 31 March 2007

	£000	2006-07		Income	2005-06
		Staff Costs	Other Costs		
	Note	£000	£000	£000	£000
Programme Costs					
Staff Costs	5	1,350			1,168
Other operating costs	7		687		580
Meat Hygiene Inspection and Enforcement	7		7,048		7,248
Programme costs	7		3,460		2,388
Operating income	8			(3,393)	(3,374)
Totals		1,350	11,195	(3,393)	8,010
Net Operating Cost	9			9,152	8,010

Statement of Recognised Gain and Loss

for the year ended 31 March 2007

		<u>2006-07</u>	<u>2005-06</u>
		£000	£000
Net gain on revaluation of tangible fixed assets	16	<u>9</u>	<u>7</u>
Net gain on revaluation of intangible fixed assets			
Recognised gains and losses for the financial year		<u>9</u>	<u>7</u>

Balance Sheet

as at 31 March 2007

	Note	2006-07		2005-06	
		£000	£000	£000	£000
Fixed assets:					
Tangible assets	10	183		208	
			183		208
Current assets:					
Debtors	11	289		1,325	
Cash at bank and in hand	12	1,590		315	
		1,879		1,640	
Creditors (amounts falling due within one year)	13	(1,980)		(586)	
Net current liabilities			(101)		1,054
Total assets less current liabilities			82		1,262
Provisions for liabilities and charges	14		(486)		(395)
Net assets			(404)		867
Taxpayers' equity					
General fund	15		(419)		855
Revaluation reserve	16		15		12
			(404)		867

John Harwood
 Chief Executive and Accounting Officer
 27 June 2007

Cash Flow Statement

for the year ended 31 March 2007

		2006-07	2005-06
	Note	£000	£000
Net cash outflow from operating activities	17a	(7,868)	(8,685)
Capital expenditure and financial investment	17b	(28)	(47)
Financing	17d	9,171	8,954
Increase/(decrease in cash) in the period		1,275	222

Statement Of Operating Costs by Department Aim and Objectives

for the year ended 31 March 2007

	Gross	2006-07 Income	Net
	£000	£000	£000
Food Safety			
To continue to reduce foodborne illness	12,239	(3,393)	8,846
To reduce further the risks to consumers from chemical contamination (including radiological) of food.			
Eating for Health			
To make it easier for all consumers to choose a healthy diet, and thereby improve quality of life by reducing diet-related disease.	276	–	276
Choice			
To enable consumers to make informed choices	30	–	30
Net operating costs	12,545	(3,393)	9,152

for the year ended 31 March 2006

	Gross	2005-06 Income	Net
	£000	£000	£000
Food Safety			
To continue to reduce foodborne illness	10,439	(3,239)	7,200
To reduce further the risks to consumers from chemical contamination (including radiological) of food.			
Eating for Health			
To make it easier for all consumers to choose a healthy diet, and thereby improve quality of life by reducing diet-related disease.	639	(101)	538
Choice			
To enable consumers to make informed choices	306	(34)	272
Net operating costs	11,384	(3,374)	8,010

The FSA aims are described in more detail in the Agencies strategic plan to 2010.

The above costs have been apportioned to individual aims on a divisional basis which reflects the resources consumed. These costs include staff costs as explained in note 5 to the accounts.

Notes to the Accounts

1. Statement Of Accounting Policies

1.1 Basis of Preparation

The Food Standards Agency Northern Ireland (FSANI) 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.

The financial statements have been prepared in accordance with the 2006-07 Government Financial Reporting Manual (FReM) issued by Department of Finance and Personnel (DFP). The accounting policies contained in the FReM follow UK generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector.

In addition to the primary statements prepared under UK GAAP, the FReM also requires the Department to prepare two additional primary statements. The Statement of Parliamentary Supply and supporting notes show outturn against Estimate in terms of the net resource requirement and the net cash requirement. The consolidated Statement of Operating Cost by Departmental Aim and Objectives and supporting notes analyse the Department's income and expenditure by the objectives agreed with Ministers.

Where the FReM 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 FSANI balance sheet at 31st March 2007 shows a negative taxpayer's equity of £404,000. This reflects the inclusion of liabilities falling due in future years, which are to be financed mainly by drawings from the UK Consolidated Fund. Such drawings will be from grants of supply approved annually by Parliament to meet the Agency's Net Cash Requirement. Under the Government Resources and Accounts Act 2000, 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 Parliament. Such approval for amounts required for 2007-08 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, modified to account for the revaluation of fixed assets, and stocks, where material, at their value to the business by reference to their current costs.

1.3 Tangible Fixed Assets

Individual or grouped tangible fixed assets with a purchase cost in excess of £2,000 (including irrecoverable VAT and delivery) are capitalised and revalued each 1 April using appropriate indices from the Office for National Statistics:

- a) The Retail Price index for office machinery, furniture, fixtures and fittings and vehicles; and
- b) POEK "Computers and other information processing equipment" for computer servers and computer equipment.

Fixed assets are included at current cost and revalued using the above mentioned indices.

Fixed assets which individually cost less than £2,000 are capitalised if they collectively constitute a group asset (for example computers and fixtures and fittings).

The FSANI does not currently own any land or buildings.

1.4 Depreciation and Amortisation

Freehold land and assets in the course of construction are not depreciated. 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:

Tangible assets:

Computer servers and computer equipment	4 years
Office machinery	7 years
Furniture, fixtures and fittings	7 years
Vehicles	4 years

Intangible assets:

Computer Software and software licences	2–7 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 SSAP 13. Other development expenditure is capitalised if it meets the criteria specified in the FReM which are adapted from the SSAP 13 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. Fixed assets acquired for the 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 FSANI. The FSANI has income from Meat Hygiene Inspection work.

1.7 Administration and Programme Expenditure

The Operating Cost Statement is analysed between administration and programme costs. The department has no administration costs because FSA NI staff are GB rather than NI Civil Servants.

1.8 Cost of Capital

A charge, reflecting the cost of capital utilised by FSANI, is included in operating costs. The charge is calculated at the Government's standard 3.5% rate on all assets less liabilities except for cash balances with the Office of the Paymaster General (PMG) and liabilities surrendered to the consolidated fund.

1.9 Pensions

FSA NI employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS), which is a defined benefit scheme and is unfunded and non-contributory. FSA Northern Ireland 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.

1.10 Early Departure Costs

FSANI 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

Operating leases are charged to the operating cost statement on a straight-line basis over the term of the lease.

1.12 Audit Costs

A charge reflecting the cost of the audit is included in the operating costs. The FSANI is audited by the Comptroller and Auditor General (C&AG), with the work subcontracted to PricewaterhouseCoopers LLP. 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 debtor or creditor on the balance sheet. Irrecoverable VAT is charged to the operating cost statement, or if it is incurred on the purchase of a fixed 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 balance sheet 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 FRS 12, the department discloses for parliamentary reporting and accountability purposes certain contingent liabilities where the likelihood of a transfer of economic benefit is remote.

Where the time value of money is material, contingent liabilities which are required to be disclosed under FRS 12 are stated at discounted amounts and the amount reported to Parliament separately noted. Contingent liabilities that are not required to be disclosed by FRS 12 are stated at the amounts reported to Parliament.

1.16 Financial Assets and Liabilities

FSA holds the following financial assets and liabilities:

- 1 Assets
 - cash
 - short-term debtors and accrued income
- 2 Liabilities
 - long-term creditors
 - short-term creditors
 - provisions arising from contractual arrangements

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

	2006-07							2005-06		
	Admin	Other	Grants	Gross	A-in-A	Net total	Net total	Estimate	Net total	Prior Year
	£000	current	£000	Resource	£000	£000	£000	£000	Estimate	Outturn
Request for Resources				Expenditure					comparing	
Function FSA NI	-	12,545	-	£000	(3,393)	9,152	9,152	9,360	with	8,010
Total	-	12,545	-	12,545	(3,393)	9,152	9,152	9,360	208	8,010

The FSA Northern Ireland resource spend for the period was £9,152,000 compared to the annual resource budget of £9,360,000. The underspend of 2% of budget was due primarily to expenditure on meat hygiene enforcement activity being less than expected.

3a. Reconciliation of net resource outturn to net operating cost

	Note	2006-07		2005-06	
		Outturn	Supply	Outturn	Prior Year
		£000	Estimate	comparing	Outturn
Net Resource Outturn		9,152	9,360	208	8,010
Net Operating Cost		9,152	9,360	208	8,010

3b. Outturn against final Administration Budget

The Food Standards Agency Northern Ireland has no administration cost limit.

4. Reconciliation of resources to cash requirements for the year ended 31 March 2007

	Note	2006-07		2005-06	
		Estimate	Outturn	Net Total	Outturn
		£000	£000	comparing	£000
Resource Outturn	2	9,360	9,152	208	8,010
Capital:					
Aquisition of fixed assets	10	36	28	8	47
Non-operating A in A:					
Proceeds of fixed asset disposals		-	-	-	-
Accruals adjustments:					
Non-cash items	7	(81)	(129)	48	(443)
Changes in working capital other than cash		242	(1,155)	1,397	1,118
Net Cash Requirement		9,557	7,896	1,661	8,732

5. Costs and number of staff

a) Programme staff costs consist of:

	<u>2006-07</u>	<u>2005-06</u>
	£000	£000
Wages and Salaries	1,020	910
Social Security Costs	86	76
Other Pension Costs	209	181
Sub Total	<u>1,315</u>	<u>1,167</u>
Inward Secondment	26	0
Agency Staff	9	1
Total	<u><u>1,350</u></u>	<u><u>1,168</u></u>

b) The average number of whole-time equivalent persons employed by the FSA Northern Ireland during the year 2006-07 by aim were as follows:

	<u>2006-07</u>	<u>2005-06</u>
	<u>TOTAL</u>	<u>TOTAL</u>
Food Safety		
To continue to reduce foodborne illness	23	20
To reduce further the risks to consumers from chemical contamination (including radiological) of food.		
Eating for Health		
To make it easier for all consumers to choose a healthy diet, and thereby improve quality of life by reducing diet-related disease	6	6
Choice		
To enable consumers to make informed choices	4	3
	<u>33</u>	<u>29</u>

c) Staff Costs by aim were as follows:

	<u>2006-07</u>	<u>2005-06</u>
	<u>TOTAL</u>	<u>TOTAL</u>
	£000	£000
Food Safety		
To continue to reduce foodborne illness	1,323	789
To reduce further the risks to consumers from chemical contamination (including radiological) of food.		
Eating for Health		
To make it easier for all consumers to choose a healthy diet, and thereby improve quality of life by reducing diet-related disease	27	237
Choice		
To enable consumers to make informed choices	0	142
	<u>1,350</u>	<u>1,168</u>

Notes:

Staff costs by objective have been apportioned according to how much was actually spent on each aim. Staff numbers have been apportioned according to how much time was spent on each aim.

d) Remuneration

Principal Civil Service Pension Scheme

The Principal Civil Service Pension Schemes (PCSPS) is an unfunded multi-employer defined benefit scheme but the FSA is unable to identify its share of the underlying assets and liabilities.

Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pension.gov.uk)

Civil Service Pensions (CSP)

Pension benefits are provided through the CSP arrangements. From 1 October 2002, civil servants may be in one of three statutory based 'final salary' defined benefit schemes (classic, premium, and classic plus). The Schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Retail Prices Index. New entrants after 1 October 2002 may choose between membership of premium or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5 per cent of pensionable earnings for classic and 3.5 per cent for premium and classic plus. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefit accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic.

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

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

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the CSP arrangements and for which the CS Vote has received a transfer payment commensurate to the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

6. Other Administration Costs

The Food Standards Agency Northern Ireland had no Administration Costs in either 2006-07 or 2005-06.

7a) Programme Costs

	Core Department 2006-07		Core Department 2005-06	
	£000	£000	£000	£000
Rentals under operating leases:				
Hire of Plant and machinery		6		6
Other operating leases		126		120
Non-cash items:				
Depreciation	62		59	
Cost of Capital	(39)		(26)	
Audit fees	15		15	
Total non-cash items		38		48
Accommodation costs		179		128
Staff overheads		98		122
Administration costs		134		47
IT costs*		38		40
Committee Costs		68		69
		687		580

*The central IT costs are apportioned between Devolved offices on the basis of the numbers of terminals.

7b) Programme costs

	2006-07		2005-06	
	£000	£000	£000	£000
Monitoring and Surveillance:				
Local Authority		1,334		1,345
Micro Food Safety and Education		1,657		167
Nutrition		249		311
Meat Hygiene Inspection and Enforcement		7,048		7,248
Other Meat Hygiene Inspection costs		220		565
		10,508		9,636

8. Income

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

	2006-07		2005-06	
	£000	£000	£000	£000
Programme income:				
Programme Income*		(3,393)		(3,374)
		(3,393)		(3,374)

*Of this figure, industry income for Meat Hygiene Inspection amounted to £3,344,000 (2005-06 £3,344,000).

9. Analysis of net operating cost by spending body

	2006-07		2005-06
	Estimate	Outturn	Outturn
	£000	£000	£000
Spending Body:			
Core Department	9,360	9,152	8,010
Total	9,360	9,152	8,010

10. Tangible fixed assets

	Fixtures and Fittings	Office Equipment	Computer Equipment & Software	Motor Vehicles	Total
	£000	£000	£000	£000	£000
Cost or valuation					
At 1 April 2006	278	70	73	–	421
Additions	11	13	4	–	28
Revaluation and indexation	14	3	(3)	–	14
Disposals	–	–	(1)	–	(1)
At 31 March 2007	303	86	73	–	462
Depreciation					
At 1 April 2006	124	38	51	–	213
Charged in year	36	9	10	–	55
Revaluation and indexation	11	4	(3)	–	12
Disposals	–	–	(1)	–	(1)
At 31 March 2007	171	51	57	–	279
Net book value at 31 March 2007	132	35	16	–	183
Net book value at 31 March 2006	154	32	22	–	208

11. Debtors**a) Analysis by type**

	<u>2006-07</u>	<u>2005-06</u>
	£000	£000
Amounts falling due within one year:		
Prepayments	21	24
VAT Debtor	268	1,301
	<u>289</u>	<u>1,325</u>

b) Intra-government balances

	Amount falling due within one year	
	<u>2006-07</u>	<u>2005-06</u>
	£000	£000
Balances with other central government bodies	268	1,301
Balances with local authorities	-	-
Balances with NHS Trusts	-	-
Balances with public corporations and trading funds	-	-
Subtotal: Intra-government balances	268	1,301
Balances with other bodies external to government	21	24
Total Debtors At 31 March 2007	<u>289</u>	<u>1,325</u>

12. Cash at bank and in hand

	<u>2006-07</u>	<u>2005-06</u>
	£000	£000
Balance at 1 April	315	92
Net changes in cash balances	1,275	223
Balance at 31 March	<u>1,590</u>	<u>315</u>
The following balances at 31 March are held at:		
Office of HM Paymaster General	1,590	315
Commercial banks and cash in hand	0	0
	<u>1,590</u>	<u>315</u>
The balance at 31 March comprises:		
Cash due to be paid to the Consolidated Fund:	-	-
Amounts issued from the Consolidated Fund for supply but not spent at year end	<u>1,590</u>	<u>315</u>

FSA NI does not operate a bank account. The above figures form part of the total PGO bank balance which operates for the FSA as a whole.

13. Creditors**a) Analysis by type**

	<u>2006-07</u>	<u>2005-06</u>
	£000	£000
Amounts falling due within one year		
Other taxation and social security	48	28
Trade Creditors	101	67
Other Creditors	36	20
Accruals	205	156
Amounts issued from the Consolidated Fund for supply but not spent at year end	1,590	315
	<u>1,980</u>	<u>586</u>

b) Intra-government balances

	Amount falling due within one year	
	<u>2006-07</u>	<u>2005-06</u>
	£000	£000
Balances with other central government bodies	1,707	413
Balances with local authorities	5	-
Subtotal: Intra-government balances	1,712	413
Balances with other bodies external to government	268	173
Total Creditors At 31 March 2007	<u>1,980</u>	<u>586</u>

14. Provisions for liabilities and charges

	<u>2006-07</u>
	£000
Balance at 1 April 2006	395
Arising during the year	91
Utilised during the year	-
Balance at 31 March 2007	<u>486</u>
Balance at 31 March 2006	<u>395</u>

The provision of £395k relates to a compensation claim being sought against the FSANI. The FSANI are defending this claim. A separate provision of £91k is included to cover legal costs of cases FSANI are currently involved in.

15. Reconciliation of net operating cost to changes in general fund

	2006-07		2005-06	
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Balance at 1 April		855		140
Parliamentary funding drawn down	9,171		8,954	
Deemed supply	315		92	
Supply Creditor	<u>(1,590)</u>		<u>(315)</u>	
		7,896		8,731
Net operating cost for the year		<u>(9,152)</u>		<u>(8,010)</u>
Non cash charges:				
Cost of capital	(39)		(26)	
Audit fees	<u>15</u>		<u>15</u>	
		(24)		(11)
Transferred to general fund of realised element of revaluation reserve		<u>6</u>		<u>5</u>
General fund at 31 March		<u>(419)</u>		<u>855</u>

The General Fund represents the net assets vested in the FSA NI (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.

16. Revaluation Reserve

	2006-07	2005-06
	<u>£000</u>	<u>£000</u>
Balance at 1 April	12	10
Arising on revaluation during the year (net)	9	7
Transferred to general fund in respect of realised element of revaluation reserve	<u>(6)</u>	<u>(5)</u>
Balance at 31 March	<u>15</u>	<u>12</u>

The Revaluation Reserve reflects the unrealised element of the cumulative balance of indexation and revaluation adjustments.

17. Notes to the Cash Flow Statement

		2006-07	2005-06	
	Note	£000	£000	
a) Reconciliation of operating cost to operating cash flows				
Net operating cost		9,152	8,010	
Adjustments for non-cash transactions	7a	(38)	(48)	
Increase/(Decrease) in Debtors		(1,036)	1,297	
(Increase)/Decrease in Creditors		(1,394)	(402)	
less movements in creditors relating to items not passing through the OCS		1,275	223	
Use of Provisions		(91)	(395)	
Net cash outflow/(inflow) from operating activities		7,868	8,685	
b) Analysis of capital expenditure and financial investment				
Tangible fixed-asset additions	10	28	47	
Net Cash outflow/(inflow) from investing activities		28	47	
c) Analysis of capital expenditure and financial investment by Request for Resources				
	Capital expenditure	Loans, etc.	A - in - A	Net Total
	£000	£000	£000	£000
Request for Resources 1	28	-	-	28
Total 2006-07	28	-	-	28
Total 2005-06	47	-	-	47
d) Analysis of financing				
From the Consolidated Fund (Supply) – current year		9,171	8,954	
Net Financing		9,171	8,954	
e) Reconciliation of Net Cash Requirement to increase/(decrease) in cash				
Net cash requirement		(7,896)	(8,732)	
From the Consolidated Fund (Supply) – current year		9,171	8,954	
From the Consolidated Fund (Supply) – prior year		-	-	
Amount due to the Consolidated Fund Received and not paid		-	-	
Increase/(Decrease) in Cash		1,275	222	

18. Capital Commitments

FSA NI has no capital commitments.

19. Commitments under leases**Operating leases**

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

	<u>2006-07</u>	<u>2005-06</u>
	£000	£000
Obligations under operating leases comprise:		
Land and buildings:		
Expiry after 1 year but not more than 5 years	6	–
Expiry after more than 5 years	120	120
	<u>126</u>	<u>120</u>
Other:		
Expiry within 1 year	–	
Expiry after 1 year but not more than 5 years	4	6
	<u>4</u>	<u>6</u>

20. Other Commitments

The Food Standards Agency Northern Ireland did not have any other commitments as at 31 March 2007.

21. Financial Instruments

The FSA does not make use of derivatives or other financial instruments. The FSA is funded primarily through resource based supply as an independent Government Department. It retains income from inspections and enforcement activity as appropriations-in-aid. The FSA is not exposed to any foreign exchange risks. The FSA draws down cash balances as required to fund continuing activities, and has no borrowings.

22. Contingent Liabilities

There were no contingent liabilities.

23. Losses and Special Payments

The Food Standards Agency Northern Ireland did not incur any losses, or make any special payments during 2006/07.

24. Related-Party Transactions

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

The FSA NI has had a number of transactions with other government departments and other central government bodies. In Northern Ireland, these were the Department of Finance and Personnel (DFP) and the Department of Agriculture and Rural Development (DARD).

25. Advisory Committee

In addition to the main FSA Board, the FSA has separate advisory committees to cover Scotland, Wales and Northern Ireland. The Committees act as advisory bodies to the FSA. They are chaired by Board Members and the FSA Board is required by statute to take account of their advice in its work. The Committee Members during the year are listed below:

Northern Ireland – Advisory Committee Members

Dr Maureen Edmondson (Chair)

Paul Archer

Sinead Furey (appointed 1 August 2006 retired 28 February 2007)

Barbara Livingstone (appointed 1 August 2006)

Tony McCusker

Alex McGarel

John Moore (appointed 1 August 2006)

Jack Pearce

Michael Walker (appointed 1 August 2006)

Patricia McCusker (retired 31 July 2006)

David Mark (retired 31 July 2006)

David Collins (retired 31 July 2006)

David McDowell (retired 31 July 2006)

Samuel Miskelly (retired 31 July 2006)

Alan Crowe (appointed 1 August 2006 retired 31 December 2006)

Alan Bingham (appointed 17 February 2007)

David McCleery (appointed 17 February 2007)

26. Post Balance Sheet Events

There were no reportable post balance sheet events between the balance sheet date and the 4th July, the date the Accounting Officer dispatched the accounts to the Northern Ireland Assembly. The financial accounts do not reflect events after this date.

Accounts Direction given by the Department of Finance and Personnel in accordance with Schedule 4, Section 3 of the Food Standards Act 1999.

1. The Northern Ireland operations of the Food Standards Agency shall prepare resource accounts for the year ended 31 March 2007, in compliance with the accounting principles and disclosure requirements of the relevant edition of the Government Financial Reporting Manual ("the FReM") issued by the Department of Finance and Personnel (DFP) under DAO(DFP) 03/07.
2. The accounts for the Food Standards Agency shall be prepared so as to:
 - (a) give a true and fair view of the state of affairs at 31 March 2007 and of the net resource outturn, resources applied to objectives, recognised gains and losses 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 Assembly/Parliament or material transactions that have not conformed to the authorities which govern them.
3. 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 FReM should be discussed in the first instance with DFP.



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