
Food Standards Agency

Northern Ireland Resource Accounts 2005-06

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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, and FSANI accounts are laid under the Government Resources and Accounts Act (Northern Ireland) 2001. 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*
to continue to reduce food borne illness;
to reduce further the risks to consumers from chemical contamination 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; and
- *Choice*
to enable consumers to make informed choices.

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 Commentary*a) 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) How we are doing

During the year, the FSANI undertook a number of activities. Examples include:

- Taking steps to further develop the HACCP model for assisting caterers in setting up documented food safety management systems;
- Increasing the coverage of the Eat Safe Award scheme which entails Local Authorities rewarding caterers who have attained the highest standards of food hygiene;
- The management of food safety incidents, and in particular a major investigation, with international implications, involving a Northern based food business;
- Introduced new EU Hygiene Regulations and Official Food and Feed Control Regulations;
- Contributed to the work of the Independent Review Group on the replacement of the Over Thirty Month rule;
- Providing training to enforcement staff in District Councils, such as a major two-day workshop on food standards to 110 delegates in February and update training on the new EU Hygiene and OFFC regulations;
- A pro-active contribution to the Childhood Obesity Taskforce initiative, which resulted in the launch of the 'Fit Futures' report;

- Its leadership role in relation to the All Island Nutrition Forum, a body chaired by the FSANI Director, with a Secretariat provided by the Food Safety Promotion Board (FSPB). During the year both FSANI and FSPB, along with the Food Safety Authority of Ireland (FSAI) jointly convened a successful seminar on salt reduction;
- The agreement of a Memorandum of Understanding on food safety incidents with the FSAI;
- Achieving the signing of a Service Level Agreement with the Department of Agriculture and Rural Development for the provision of meat hygiene inspection services in Northern Ireland;
- The introduction of a grant initiative for promoting healthy eating to older people, with awards made to 40 different older persons' groups in disadvantaged areas of Northern Ireland;
- Targeted initiatives at older people (the production and dissemination of 35,000 healthy eating calendars to this age group), students (over 3,000 students replied to a survey on diet and cooking issues) and homeless persons;
- The development of links with international organisations with an interest in food safety and standard issues (e.g. the New South Wales Food Authority);
- Ensuring the effective communication and promotion of key food safety messages to the consumer (e.g. Balmoral show and National Food Safety Week);
- Introduced a new staff structure and completed a staff recruitment exercise; and
- Supporting the continued development of the Northern Ireland Food Advisory Committee with the appointment of a new complement of members.

c) Resource spend in 2005-06

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

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

The comparative figures for 2004-05 are shown below:

	Estimate	2004/05 Net Operating Cost
	£m	£m
FSA Northern Ireland	<u>2.8</u>	<u>2.8</u>

The net cost of the FSA Northern Ireland was £8.0m against available funding of £8.4m to 31st March 2006. The notes to the accounts provide a breakdown of FSANI expenditure. FSANI outturn results were around £400,000 less than estimate because meat hygiene control costs were less than originally expected. The net resource cost increased from £2.8m in 2004-05 to £8.0m in 2005/06 primarily as a result of FSANI taking over responsibility for meat hygiene inspection and specified risk material (SRM) controls from April 2005.

c) Performance Reporting

The FSANI Departmental Report Spring 2005 contained the FSANI's resource estimate for 2005-06 plus core tables as specified by Treasury. The 2005 FSA Departmental Report gives details of how we are making progress towards meeting published performance targets, and meeting Modernising Government requirements. Copies of these reports are also available from 'The Stationery Office'. The web-site also provides performance data for our devolved offices.

We are refining the reporting performance against the 2005-2010 Strategic Plan. However, we are continuing to report progress through our existing Service Level Agreement with the Treasury. Summary progress to date is listed below:

- **Aim 1 – Increase consumer confidence in the national regulatory system for food safety and standards and in the credibility of the FSA**
 - (a) all FSA advice is published on our website;
 - (b) helplines are established within 24 hours of a major food emergency; and
 - (c) all open Board meetings are held in public.
- **Aim 2 – Better food safety and standards**
 - (a) progress to implement the food borne disease strategy and meet the target was reported to the Food Borne Illness Strategy Consultative Group;
 - (b) provisional figures for the five main food borne bacteria for 2004 showed levels had decreased by just under 19% compared to baseline figures for 2000; and
 - (c) the successful implementation of the EU decision relating to the roll out of the HACCP (Hazard Analysis and Critical Control Point) programme continues. Industry training has been completed and audit undertaken with any compliance issues actioned.
- **Aim 3 – Improved consumer choice and diet**
 - (a) A campaign was initiated with the aim of reducing the average salt intake by 2005-06. This target was met, and in addition the FSA set voluntary targets for salt reduction with the food industry across a wide range of foods; and
 - (b) the FSA undertook the Low Income, Diet and Nutrition Survey, and the full final report is due to be published towards the end of the year.

Risks to the Organisation

The FSA maintains a strategic risk register. The major risks impacting on the organisation are listed below:

- ensuring that the available scientific evidence is interpreted correctly;
- achieving the effective co-operation of the food industry;
- operating effectively in Europe and other international arenas;
- communicating effectively with stakeholder organisations and with consumers;
- ensuring that the FSA is an independent organisation;
- ensuring that the right risk management decisions are made;
- ensuring that enforcement is effective;
- working effectively across government;
- developing the staff and skills the FSA needs;
- ensuring the successful transition to a new FSA Chair and new Chief Executive;
- effective financial management;
- develop and maintain business continuity plans to ensure recovery of FSA business infrastructure following partial or major failure.

The FSANI has contractual arrangements with the Department for Agriculture and Rural Development in Northern Ireland.

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 Chief Executive was appointed by the Civil Service First Commissioner under Civil Service Commission rules. The NI Director, Morris McAllister, has day to day responsibility for the management of FSANI. 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 the Minister for Health, Social Services and Public Safety in Northern Ireland. Two Board members were appointed by Scottish Ministers, one by the National Assembly for Wales, and one by the Minister for Health, Social Services and Public Safety in Northern Ireland. 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 FSA Board:

Dame Deidre Hutton – FSA Chair (from 18th July 2005)

Sir John Krebs – FSA Chair (retired 10th April 2005)

Julia Unwin – FSA Deputy Chair (Acting Chair from 11th April – 18th July 2005)

Richard Ayre (Acting Deputy Chair from 11th April 2005 until 15th July 2005)

Other Board members:

Ann Hemingway – Chair of the Welsh Food Advisory Committee (until 24th January 2006)

Michael Gibson – Chair of the Scottish Food Advisory Committee (until 24th January 2006)

Chrissie Dunn

Maureen Edmondson – Chair of the Advisory Committee for Northern Ireland

William Reilly – (from 1st February 2006)

Alan Gardner (Chair of the Welsh Food Advisory Committee from 24th February 2006)

Baroness Valerie Howarth of Breckland

Iain MacDonald (until 31st May 2006)

Graeme Millar (joined the Board 1 March 2005 and Chair of the Scottish Advisory Committee from 24th January 2006)

Christopher Pomfret

Sandra Walbran

Nelisha Wickremasinghe

Dr Sati Ariyanayagam (until 28th February 2006)

FSA Management Team

Day to day management of the FSA is exercised through the Executive Management Board (EMB). Morris McAllister, Director of FSA Northern Ireland is a member of EMB. Membership during the year was as follows:

Dr Jon Bell – Chief Executive and Departmental Accounting Officer (retired 31 March 2006)

Pat Stewart – Deputy Chief Executive and Director of Corporate Resources

David Statham – Director of Enforcement

Dr Andrew Wadge – Director of Food Safety Policy

Gill Fine – Director of Consumer Choice and Dietary Health

Neil Martinson – Director of Communications (left 8th January 2006)

Karen Talbot – Acting Director of Communications (from 17 October 2005)

David Dunleavy – Director of Legal Services (until 5th February 2006)

Vivienne Collette – Director of Legal Services (from 6th February 2006)

Brian Davies – Human Resources Director

Allan Hutton – Finance Director

Alick Simmons – Veterinary Director

Dr George Paterson – Director of FSA Scotland

Joy Whinney – Director of FSA Wales

Morris McAllister – Director of FSA Northern Ireland

Chris Lawson – Chief Executive of the Meat Hygiene Service

John Harwood was appointed as Interim Chief Executive and Accounting Officer on 3rd April 2006.

Terrence Collis was appointed Director of Communications in April 2006.

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 below.

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 annually 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 year contract; and
- The FSA maintains a Risk Register which is discussed regularly at FSA Board meetings.

The NI Food Advisory Committee

The FSANI has a Food Advisory Committee that 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 and is required by statute to take account of their advice in its work. The Committee Members are listed below:

Dr Maureen Edmondson (Chair)	Sam Miskelly
Mrs Patricia McCusker	David Stewart (to 31st July 2005)
Professor David McDowell	Paul Archer (from 1 August 2005)
Ms Maria McGuinness (to 31st July 2005)	Dr Vonod Tohani (to 31st July 2005)
David Mark	Tony McCusker (from 1st August 2005)
William Taylor (to 31st July 2005)	Alex McGarel (from 1st September 2005)
David Collins	Professor Jack Pearce (from 1st September 2005)

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:

Graeme Millar – Chair (from 25th February 2006)
Ann Hemingway – Chair (until 24th January 2006)
Chrissie Dunn – non executive member
Richard Harbord – external non FSA Board member
Jon Bell – FSA Accounting Officer
Pat Stewart – Deputy Chief Executive
Morris McAllister – Director, FSA Northern Ireland

The Audit Committee discussed a range of issues during the year, including:

- FSA IT back-up arrangements;
- IT systems follow up work;
- Corporate governance and control in FSA Scotland, Wales and Northern Ireland;
- Ministerial correspondence;
- FSA security review;
- Review of the replace payroll system;
- Contracting and procurement across the FSA;
- Business continuity planning;
- Divisional management reviews; and
- Fraud 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 FSANI. 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. Staff also receives "FSA News", published every two months. The Director of FSANI 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 FSANI is committed to equal opportunities and aims to ensure that everyone who works for or with the FSANI 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) that 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, Social and Community 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. The audit fee for the year was £15,000.

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 as a whole 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

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

a) Remuneration:

Executive Management Board

Bands	2005-06			2004-05
	Salaries inc Bonuses	Bonuses	Benefits in Kind	Salaries & Other Allowances
	£5,000	£5,000	£100	£5,000
	(£000)	(£,000)		(£000)
Morris McAllister Director, FSA Northern Ireland	80 – 85	5 – 10	800	70 – 75

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

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

Bands	2004-05					
	Real increase in Pension at age 60	Total accrued pension at age 60 31 March 2005	Total accrued lump sum at age 60 31 March 2005	CETV at 31 March 2005	CETV at 31 March 2004	Real Increase in CETV
	£2,500	£5,000	£5,000			
	(£000)	(£000)	(£000)	(£000)	(£000)	(£000)
Morris McAllister Director, FSA Northern Ireland	2.5 – 5	30 – 35	95 – 100	536	483	31

The Executive Management Board decided not to disclose the age of the management team.

CETV is Cash Equivalent Transfer Value for pension entitlement

John Harwood
Chief Executive and Accounting Officer

17 July 2006

Statement of Accounting Officer's Responsibilities

1. Under the Food Standards Act 1999, the department is required to prepare resource accounts for each financial year, in conformity with a DFP directing, 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 Acting Accounting Officer of the department, with responsibility for preparing the department's accounts and for transmitting them to the Comptroller and Auditor General.
4. In preparing the accounts, the Acting Accounting Officer is required to comply with the Financial Reporting Manual (FRM), 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 FRM, 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 which an Accounting Officer is answerable, 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

17 July 2006

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 guidance, 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;
- business and financial planning processes (corporate and local business plans) which explicitly take into consideration business risk;
- regular performance reports to the Executive Management Board's monthly meetings for both business and financial planning;
- regular reports by the executive and by Internal Audit on internal controls, including the risk register, to the Audit Committee;
- 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;

- targeted support and training to meet the needs of different parts of the organisation including its offices in Scotland, Wales, and Northern Ireland;
- assurance from the Chief Executive of the Meat Hygiene Service on internal controls and attendance at the MHS Audit and Risk Committee. The MHS publishes its own annual accounts including a statement of internal control audited by the National Audit Office. 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 2006 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 is discussed at each meeting of the Executive Management Board. 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 good practice. In addition we have established cross-FSA workshops to discuss business planning issues and learn from and disseminate good practice.

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 £20m 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 FSA Board and Audit Committee receive regular reports on risk management. The Audit Committee's role is to advise me on whether the processes for identifying, recording, and managing the risks is sound, while the role of the FSA Board is to comment on whether the coverage of strategic risks is comprehensive.

The major risks identified to date include:

- inaccurate interpretation of available scientific evidence;
- failure to communicate effectively with stakeholder organisations and with consumers;
- failure to properly enforce food safety law;
- failure to achieve the effective co-operation of the food industry; and
- failure to develop the staff and skills the FSA needs.

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. This includes development of a "dashboard" management reporting system owned by the Executive Management Board. This reporting system gives an overall indication of how key performance areas are being managed, and is supported with more detailed analysis if required. The system was piloted in April 2006.

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. Reports produced by Internal Audit in year included a review of the replacement of the FSA's payroll system, a review of HR systems, a report on corporate governance, fraud, IT and security and the work of three key divisions – Chemical Safety Division, Meat Hygiene and Veterinary Division and Nutrition Division. The work of Internal Audit did highlight control weaknesses with regard to payroll monitoring in year. These were being addressed at towards end of the financial year.

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

FSA Northern Ireland

The use of Government Procurement Cards was reviewed and certification arrangements were updated. The decision by management to delay audits of local authorities was similarly investigated. A major food fraud investigation was the primary reason for the delay. The conclusions of the fraud investigation will be published once confirmed.

FSA Scotland

Internal Audit work identified that management had recognised local, operational risks, but that they needed to be formally documented in the risk register. The Business Continuity Plan required formal sign off, testing and regular review. Further work was required to verify the accuracy of accruals information prior to posting on to the finance system.

FSA Wales

The need for the Business Continuity Plan to be tested was highlighted by Internal Audit.

John Harwood
Chief Executive and Accounting Officer

17th July 2006

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

I certify that I have audited the financial statements of the Food Standards Agency (Northern Ireland) for the year ended 31 March 2006 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.

Respective responsibilities of the Accounting Officer and auditor

The Accounting Officer is responsible for preparing the Annual 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 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 also report whether in all material respects the expenditure and income have been applied to the purposes intended by and the financial transactions conform to the authorities which govern them. I also report to you if, in my opinion, the Annual Report is not consistent with the financial statements, 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 HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the statement on pages 13-16 reflects the Department's compliance with the Department of Finance and Personnel's guidance on the Statement on Internal Control, and I report if it does not. I am not required to consider whether the Accounting Officer's statements on internal control cover 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. This other information comprises the Annual Report, the unaudited part of the Remuneration Report, and the Management Commentary. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the 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

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 2006, and the net cash requirement, net resource outturn, resources 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
- 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.

I have no observations to make on these financial statements.

John Bourn
Comptroller and Auditor General

18 July 2006

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

Statement of Parliamentary Supply for the year ended 31 March 2006

	2005-06						2004-05		
	Estimate			Outturn			Net total outturn compared with Estimate saving/ (excess)	Prior year outturn	
	Note	Gross expenditure £000	A-in-A £000	Net Total £000	Gross expenditure £000	A-in-A £000			Net Total £000
Resources									
Request for resources 1	2	11,820	(3,374)	8,446	11,384	(3,374)	8,010	436	2,789
Total resources		11,820	(3,374)	8,446	11,384	(3,374)	8,010	436	2,789

	2005-06			2004-05	
	Note	Estimate	Outturn	Net total outturn compared with Estimate saving/ (excess)	Prior year year Outturn
		£000	£000		
Net cash requirement	4	9,735	8,732	1,003	2,896

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.

The FSA Northern Ireland resource spend for the period was £8,010,000 compared to the annual resource budget of £8,446,000. The underspend of around £400,000 resulted from meat hygiene costs being less than expected during the year.

Operating Cost Statement for the year ended 31 March 2006

	Note	2005-06		Income	2004-05
		Staff Costs	Other Costs		£000
		£000	£000	£000	£000
Programme Costs:					
Staff costs	5	1,168			827
Other operating costs	7		580		451
Meat Hygiene Inspection and Enforcement	7		7,248		
Programme costs	7		2,388		1,511
Operating income	8			(3,374)	
Totals		1,168	10,216	(3,374)	2,789
Net Operating Cost	9			8,010	2,789

**Food Standards Agency Statement of Recognised Gain and Loss
for the year ended 31 March 2006**

	<u>2005-06</u>	<u>2004-05</u>
	£000	£000
Net gain on revaluation of tangible fixed assets	16 <u>7</u>	<u>9</u>
Net gain on revaluation of intangible fixed assets		
Recognised gains and losses for the financial year	<u>7</u>	<u>9</u>

Balance Sheet as at 31 March 2006

	Note	2005-06	2004-05
		£000	£000
Fixed assets:			
Tangible assets	10	208	214
		208	214
Current assets:			
Debtors	11	1,325	28
Cash at bank and in hand	12	315	92
		1,640	120
Creditors (amounts falling due within one year)	13	(586)	(184)
Net current liabilities		1,054	(64)
Total assets less current liabilities		1,262	150
Provisions for liabilities and charges	14	(395)	
Net assets		867	150
Taxpayers' equity			
General fund	15	855	140
Revaluation reserve	16	12	10
		867	150

Dr John Harwood
Chief Executive and Accounting Officer

17 July 2006

Cash Flow Statement for the year ended 31 March 2006

	<u>2005-06</u>	<u>2004-05</u>
Note	£000	£000
Net cash outflow from operating activities	17a (8,685)	(2,752)
Capital expenditure and financial investment	17b (47)	(144)
Financing	17d 8,954	2,916
Increase/(decrease in cash) in the period	<u>222</u>	<u>20</u>

Statement Of Operating Costs by Department Aim and Objectives

<i>for year ended 31 March 2006</i>	2005-06		
	Gross	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
<i>for year ended 31 March 2005</i>	2004-05		
	Gross	Income	Net
	£000	£000	£000
Aim 1			
Increase consumer confidence in the national regulatory system for food safety and standards and in the credibility of the FSA	726	–	726
Aim 2			
Better food safety and standards	1,673	–	1,673
Aim 3			
Improve consumer choice and diet	390	–	390
Net operating costs	2,789	–	2,789

The FSA aims are described in more detail in the 2005 Departmental report.

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 2005-06 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.

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 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	7 Years
---	---------

All other assets are depreciated from the month following the date of acquisition.

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 Pricewaterhouse Coopers 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 cashflow 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

	2005-06						2004-05			
	Admin	Other current	Grants	Gross Resource Expenditure	A-in-A	Net total	Net total	Estimate	Net total outturn compared with Prior Year	
									Estimate	Estimate
£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Request for Resources 1										
Function 1 FSA NI		11,384	-	11,384	(3,374)	8,010	8,010	8,446	436	2,789
Total	-	11,384	-	11,384	(3,374)	8,010	8,010	8,446	436	2,789

The FSA Northern Ireland resource spend for the period was £8,010,000 compared to the annual resource budget of £8,446,000. Expenditure in year was therefore consistent with the resource budget for the year.

3(a) Reconciliation of net resource outturn to net operating cost

	Note	2005-06			2004-05	
		Outturn	Supply Outturn	Outturn compared with Estimate	Outturn	Prior Year Outturn
Net Resource Outturn		8,010	8,446	436	2,789	
Net Operating Cost		8,010	8,446	436	2,789	

3(b) 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 2006

	Note	2005-06		2004-05	
		Estimate	Outturn	Net Total Outturn compared with estimate savings/ (excess)	
				£000	£000
Resource Outturn	2	8,446	8,010	436	2,789
Capital:					
Acquisition of fixed assets	10	60	47	13	144
Accruals adjustments:					
Non-cash items	7	(71)	(443)	372	(60)
Changes in working capital other than cash		1,300	1,118	182	23
Net Cash Requirement		9,735	8,732	1,003	2,896

5 Costs and number of staff

(a) Programme staff costs consist of:

	<u>2005-06</u>	<u>2004-05</u>
	£'000	£'000
Wages and Salaries	910	672
Social Security Costs	76	55
Other Pension Costs	181	99
Sub Total	1,167	826
Agency Staff	1	1
Total	1,168	827

(b) The average number of whole-time equivalent persons employed by the FSA Northern Ireland during the year 2005-06 by aim were as follows:

	<u>2005-06</u>
	<u>Total</u>
Food Safety	
To continue to reduce foodborne illness	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
Choice	
To enable consumers to make informed choices	3
	<u>29</u>
	<u>2004-05</u>
	<u>Total</u>
Aim 1	
Increased consumer confidence in the national regulatory system for food safety and standards and in the credibility of the FSA	7
Aim 2	
Better food safety and standards	13
Aim 3	
Improved consumer choice and diet	4
	<u>24</u>

The staff numbers for 2004-05 have been restated to show the full time equivalent figures.

(c) Staff Costs by aim were as follows:

	<u>2005-06</u>
	<u>Total</u>
	<u>£000</u>
Food Safety	
To continue to reduce foodborne illness	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	237
Choice	
To enable consumers to make informed choices	142
	<u>1,168</u>
	<u>2004-05</u>
	<u>Total</u>
	<u>£000</u>
Aim 1	
Increased consumer confidence in the national regulatory system for food safety and standards and in the credibility of the FSA	164
Aim 2	
Better food safety and standards	581
Aim 3	
Improved consumer choice and diet	82
	<u>827</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 Other Administration Costs in either 2005-06 or 2004-05.

7(a) Programme Costs

	Core Department 2005-06		Core Department 2004-05	
	£000	£000	£000	£000
Rentals under operating leases:				
Hire of Plant and machinery		6		6
Other operating leases		120		99
Non-cash items:				
Depreciation	59		39	
Cost of Capital	(26)		6	
Audit fees	15		15	
Total non-cash items		48		60
Accommodation costs		128		125
Staff overheads		122		70
Administration costs		47		37
IT costs*		40		5
Committee Costs		69		49
		580		451

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

7(b) Programme costs

	2005-06		2004-05	
	£000	£000	£000	£000
Monitoring and Surveillance:				
Local Authority		1,345		1,353
Micro Food Safety and Education		167		83
Nutrition		311		75
Meat Hygiene Inspection and Enforcement		7,248		–
Other Meat Hygiene Inspection costs		565		–
		9,636		1,511

8 Income

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

	2005-06		2004-05	
	£000	£000	£000	£000
Programme income:				
Programme Income*		(3,374)		0
		(3,374)		0

*Of this figure, industry income for Meat Hygiene Inspection amounted to £3,344,000.

9 Analysis of net operating cost by spending body

	2005-06		2004-05
	Estimate	Outturn	Outturn
	£000	£000	£000
Spending Body:			
Core Department	8,446	8,010	2,789
Total	8,446	8,010	2,789

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 2005	250	56	65	–	371
Additions	26	12	9	–	47
Revaluation and indexation	2	2	(1)	–	3
At 31 March 2006	278	70	73	–	421
Depreciation					
At 1 April 2005	89	29	39	–	157
Charged in year	33	9	10	–	52
Revaluation and indexation	2	–	2	–	4
At 31 March 2006	124	38	51	–	213
Net book value at 31 March 2006	154	32	22	–	208
Net book value at 31 March 2005	161	27	26	–	214
Owned	154	32	22	–	208
Net book value at 31 March 2006	154	32	22	–	208

11 Debtors

(a) Analysis by type

	2005-06	2004-05
	£000	£000
Amounts falling due within one year:		
Prepayments	24	15
VAT Debtor	1,301	13
	1,325	28

(b) Intra-government balances

	2005-06	2004-05
	£000	£000
Amount falling due within one year:		
Balances with other central government bodies	1,301	13
Subtotal: Intra-government balances	1,301	13
Balances with other bodies external to government	24	15
Total Debtors At 31 March 2006	1,325	28

12 Cash at bank and in hand

	<u>2005-06</u>	<u>2004-05</u>
	£000	£000
Balance at 1 April	92	72
Net changes in cash balances	223	20
Balance at 31 March	315	92
The following balances at 31 March are held at:		
Office of HM Paymaster General	315	92
	315	92
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	315	92

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>2005-06</u>	<u>2004-05</u>
	£000	£000
Amounts falling due within one year		
Other taxation and social security	28	21
Trade Creditors	67	9
Other Creditors	20	11
Accruals	156	51
Amounts issued from the Consolidated Fund for supply but not spent at year end	315	92
	586	184

(b) Intra-government balances

	<u>2005-06</u>	<u>2004-05</u>
	£000	£000
Amounts falling due within one year		
Balances with other central government bodies	413	146
Balances with local authorities	-	6
Subtotal: Intra-government balances	413	152
Balances with other bodies external to government	173	32
Total Creditors At 31 March 2006	586	184

14 Provisions for liabilities and charges

	<u>2005-06</u>	<u>2004-05</u>
	£000s	£000s
Legal claims provided in the year	395	-
	395	-

The provision relates to a compensation claim being sought against the FSANI. The FSANI are defending this claim.

15 Reconciliation of net operating cost to changes in general fund

	2005/06		2004-05	
	£000	£000	£000	£000
Balance at 1 April	140		(7)	
Prior Period Adjustment			(7)	
Adjusted Opening Balance		140		(14)
Parliamentary funding drawn down	8,954		2,923	
Deemed supply	92		72	
Supply creditor	(315)		(92)	
Net operating cost for the year		8,731 (8,010)		2,903 (2,789)
Non cash charges:				
Cost of capital	(26)		6	
Audit fees	15		15	
		(11)		21
Transferred to general fund of realised element of revaluation reserve		5		19
General fund at 31 March		855		140

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

	2005-06	2004-05
	£'000s	£'000s
Balance at 1 April	10	20
Arising on revaluation during the year (net)	7	9
Transferred to general fund in respect of realised element of revaluation reserve	(5)	(19)
Balance at 31 March	12	10

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

17 Notes to the Cash Flow Statement

	Note	2005-06 £000	2004-05 £000
(a) Reconciliation of operating cost to operating cash flows			
Net operating cost		8,010	2,789
Adjustments for non-cash transactions	7a	(48)	(60)
Increase/(Decrease) in Debtors		1,297	(7)
(Increase)/Decrease in Creditors		(402)	10
less movements in creditors relating to items not passing through the OCS		223	20
Use of Provisions		(395)	–
Net cash outflow/(inflow) from operating activities		8,685	2,752

(b) Analysis of capital expenditure and financial investment

Tangible fixed-asset additions	10	47	144
Net Cash outflow/(inflow) from investing activities		47	144

(c) Analysis of capital expenditure and financial investment by Request for Resources

	Capital expenditure £000	Loans, etc. £000	A-in-A £000	Net Total £000
Request for Resources 1	47	–	–	47
Total 2005-06	47	–	–	47
Total 2004-05	144	–	–	144

(d) Analysis of financing

From the Consolidated Fund (Supply) – current year	8,954	2,916
Net Financing	8,954	2,916

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

Net cash requirement	(8,732)	(2,896)
From the Consolidated Fund (Supply) – current year	8,954	2,916
Increase/(Decrease) in Cash	222	20

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>2005-06</u>	<u>2004-05</u>
	£000	£000
Obligations under operating leases comprise:		
Land and buildings: Expiry thereafter	120	112
	<u>120</u>	<u>112</u>
Hire of plant and machinery: Expiry thereafter	6	5
	<u>6</u>	<u>5</u>

20 Other Commitments

The Food Standards Agency Northern Ireland did not have any other commitments as at 31 March 2006.

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 through 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

A compensation claim is being sought against the FSANI for £413,344. This case will be defended. A provision of £395,000 has been made in the accounts. The remaining balance of £18,344 is regarded as a contingent liability as the amount and timing of the outflow is uncertain.

23 Losses and Special Payments

The Food Standards Agency Northern Ireland did not incur any losses, or make any special payments during 2005-06.

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)
Patricia McCusker
Professor David McDowell
Maria McGuinness (retired 31 July 2005)
David Mark
William Taylor (retired 31 July 2005)
David Collins
Samuel Miskelly
David Stewart (retired 31 July 2005)
Dr Vinod Tohani (retired 31 July 2005)
Paul Archer (Appointed 1 August 2005)
Tony McCusker (Appointed 1 August 2005)
Alex McGarel (Appointed 1 September 2005)
Jack Pearce (Appointed 1 September 2005)

Accounts direction given by the Department of Finance and Personnel under 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 2006 and subsequent financial years, in compliance with the accounting principles and disclosure requirements of the extant edition of the Government Financial Reporting Manual (FReM) issued by the Department of Finance and Personnel which is in force for the particular financial year.
2. The accounts for the **Northern Ireland operations of the Agency, for which an estimate is approved by the Assembly or Parliament**, shall be prepared so as to give a true and fair view of the state of affairs at 31 March 2006, and subsequent financial year ends, and of the net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the financial year then ended.
3. Compliance with the requirements of 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 FReM is inconsistent with the requirement to give a true and fair view, the requirements of 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 FReM. Any material departure from FReM should be discussed in the first instance with DFP.