

Presented pursuant to c.39, section 35(5), National Lottery etc. Act 1993 (as amended by the National Lottery Act 1998)

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**Sports Council for Northern Ireland Lottery  
Distribution Account for the Year Ended  
31 March 2014**

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## **Directors' Report**

### **Statutory Background**

The Sports Council for Northern Ireland (Sports Council), is the statutory body through which public funding for sport in Northern Ireland is channelled. It was established on 31 December 1973 under the provisions of the Recreation and Youth Service (Northern Ireland) Order 1973. Its object is the furtherance of sport and physical recreation and its functions are as provided by Article 3 of the Recreation and Youth Service (Northern Ireland) Order 1986.

The National Lottery etc. Act 1993 (the 1993 Act) established the National Lottery and designated five 'good causes': arts, sport, national heritage, charitable projects and projects to mark the year 2001 and the beginning of the third millennium. The National Lottery Act 1998 (the 1998 Act) which came into force in July 1998 established a sixth good cause, the New Opportunities Fund, the functions of which were taken on by the Big Lottery Fund through the National Lottery Act 2006 (the 2006 Act). Each of the good causes receives a percentage of the net proceeds of the Lottery paid out of the National Lottery Distribution Fund (NLDF).

The Sports Council is charged under the 1993 Act with responsibility for distributing 2.8% of the money allocated to sport. However, as of July 1999 the Sports Council received a reduced contribution of 2.6% as a top sliced contribution of 0.2% became payable to the United Kingdom Sports Council in respect of the United Kingdom wide World Class Performance Programme for elite athletes.

The Sports Council is required to prepare a statement of accounts for each financial year in accordance with sections 35(2) and 35(3) of the National Lottery etc. Act 1993 and accounts direction given by the Department of Culture, Arts and Leisure (DCAL), with the approval of the Secretary of State for the Department for Culture, Media and Sport (DCMS). DCAL issued revised Lottery Policy Directions to Sports Council on 16 April 2008, a copy of which is attached to the end of these financial statements. From 16 April 2008 onwards, Sports Council will observe the requirements of these revised directions when distributing funds from the National Lottery.

### **Principal Functions related to National Lottery Distribution Activities**

The Sports Council has developed its policies and procedures for the Lottery Fund within the framework of the 1993 Act (as amended by the National Lottery Act 1998) and the policy and financial directions (the Directions) issued under the Act by DCAL. The Sports Council's policies and procedures are continually under review to ensure that they comply with requirements, remain appropriate and that the maximum benefit is achieved for sport in Northern Ireland.

A requirement of the 1998 Act is that the Sports Council prepares and adopts a strategic plan for the distribution of its share of lottery income. The Sports Council has therefore produced a Corporate Plan which covers the period 2011–2015 and outlines how the Sports Council will allocate its share of lottery funding during these four years. The plan illustrates the Sports Council's priorities, activities, targets and programmes during this period.

### **Council Members of the Sports Council and Members of its Committees**

The Sports Council consists of a Chairman and Vice-Chairman and other persons appointed by the Minister, after a selection and recruitment process that is carried out by DCAL. The functions of the Sports Council are:

- On matters relating to sport and physical recreation, to advise the Department and other Government departments, Education and Library Boards, District Councils and other bodies interested in sport and physical recreation;
- To encourage the provision of facilities for and participation in sport and physical recreation;
- To assist the provision of administrative services, equipment, coaching and instruction by bodies providing facilities for sport or recreation activities or organising such activities;
- To assist the organising or supporting of, or participating in, international or other events by bodies providing facilities for sport or recreational activities or organising such activities; and
- To assist bodies providing supportive services in connection with sport and physical recreation.

DCAL appointed members through various recruitment exercises for a four year term. The following persons served as members during the financial year 2013/14.

#### **Sports Council Membership**

Mr B Henning (Chairman)

Mr J D'Arcy – Appointed Interim Vice Chair (until 31 March 2014)

Mr M Cowan – Resigned 17 May 2013

Mr B Macaulay

Mr D O'Connor

Mr R Carr – Resigned 28 June 2013

Mr P Cummings

Mr G Campbell

Mr B Delaney

Ms R Mallon

Mr S McCullough

Mr J O'Neill

The following members were appointed from 1 April 2014, for a four year term:

#### **Sports Council Membership**

Mr I McAvoy (Vice-Chairman)

Ms A Bingham

Mr R Bullick

Mr E Lynch

Mr G Wilson

During the year all committees apart from the Audit and Risk Management Committee were dissolved. The Remuneration Committee was set up on the 4 June 2013, with its responsibilities to include:

- The appointment of the Chief Executive;
- Agreeing the salary of the Chief Executive; and
- Appraisal of the Chief Executive.

During the year, the following Members sat on the committee:

Mr B Henning (Chairman)

Mr J D'Arcy (Vice Chairman)

Mr D O'Connor

Mr G Campbell



## **Board Directorships or Other Interests**

Note 20 details any interests held by Board Members.

## **Auditors**

### *External Audit*

Under Section 35(5) of the National Lottery etc. Act 1993 the Comptroller and Auditor General examines and certifies the financial statements of the National Lottery Distribution bodies and lays copies of the statement and his report before Parliament.

The audit fee for the 2013/14 financial statements amounted to £27,000 (2012/13:£27,000).

### *Internal Audit and the Audit and Risk Management Committee*

Sports Council employs an internal auditor who prepares an audit plan, which is approved by the Audit and Risk Management Committee. The internal auditor reports annually on each work area, and these are presented to the Audit and Risk Management Committee for review. During the year the following were the members of the Audit and Risk Management Committee:

Mr G Campbell - Chairman Appointed 4 June 2013

Mr P Cummings - Vice Chairman (Acting Chairman 4 March 2013 to 3 June 2013)

Ms R Mallon

Mr J D'Arcy

## **Chief Executive**

From 1 June 2012, Nick Harkness, Director of Participation, was appointed as Acting Chief Executive and Accounting Officer, until Antoinette McKeown, the new Chief Executive, took up her post on 2 September 2013.

## **Equality of Opportunity**

The Sports Council is committed to the development of positive policies to promote equal opportunity in employment based on practices which are non-discriminatory as between people of differing abilities, religion, political view, nationality, race, colour or sex.

## **Employees with a Disability**

The Sports Council ensures that people with a disability are given opportunities for suitable employment and that they are not discriminated against on the grounds of disability for recruitment, training or promotion purposes.

## **Employee Consultation**

On matters of policy and procedure, which affect the employees of the Sports Council, the Sports Council normally consults with the recognised trade union of which the staff are members. This trade union is also a member of the Whitley Council which negotiates the terms and conditions of members with the Northern Ireland Department of Finance and Personnel.

**Sickness Absence Data**

The Sports Council had an average of 6.9 days absence per full time equivalent person in 2013/14 (12.4 days: 2012/13).

**Pension Liabilities**

Details of pension liabilities can be found in the Remuneration Report and note 3 to the financial statements.

**Personal Data Related Incidents**

There were no personal data related incidents during the year.

**Payment Policy**

The Sports Council is committed to the prompt payment of bills for goods and services and aims to process bills within 10 days of receipt of the goods or services, or presentation of a valid invoice or similar demand, whichever is later. During 2013/14 Sports Council paid 92% (2012/13: 95%) of invoices within 10 working days.

**Political and Charitable Donations**

The Sports Council made no political or charitable donations during the year.



**Antoinette McKeown**  
**Chief Executive and Accounting Officer**  
**Sports Council for Northern Ireland**

**Date: 25 June 2014**

## Strategic Report

### Principal Risks and Uncertainties

The Sports Council carried out a significant review of budgets in 2011/12 for the financial years 2011-2015. This is in line with indicative funding from the Department of Culture, Arts and Leisure and the Savings Delivery Plan produced for Sports Council. A corporate plan has been produced which ensures there are adequate funds available and there are no significant over commitments in the Lottery Distribution fund. In addition, during 2013 a zero based budgeting exercise was also undertaken with the purpose being to encourage managers to examine and justify expenditure, assess alternatives and reduce the risk of waste and budgetary slack. Sports Council is currently preparing a corporate plan for 2015-19 which shall set out its objectives and activities.

### Financial Results

The Sports Council's Lottery Distribution results are set out in the Statement of Comprehensive Income. Total proceeds and investment income received from the National Lottery totalled £8,673,303 (2012/13: £10,119,758). During the year the Sports Council made soft commitments of £14,512,666 (2012/13: £684,299). The increase in soft commitments was a result of the new Performance Focus programme which provides indicative funding to governing bodies of sport over a four year period. A total of £7,623,646 (2012/13: £5,426,727) was paid to grant applicants, the remaining balance being held as commitments for future grant payments. The total administrative costs of the Sports Council's Lottery distribution activities, including staff costs but excluding non-cash costs was £799,983 (2012/13: £675,352). This represents approximately 9.2% (2012/13: 6.7%) of the total National Lottery proceeds received in the year.

### Review of National Lottery Distribution Activities

#### Key Performance Indicators (KPIs)

Section D of the Governance Statement, provides an update on the Sports Council's six Strategic Priorities, against which are set six Corporate KPI's which measure performance against the overall 66 KPI's. 92% of the KPIs were achieved for the year. The following selection of case studies, provide an overview of the significant work of the Sports Council Lottery Distribution Fund during 2013/14:

#### 1. Performance

##### Kelly Gallagher

The Sports Institute Northern Ireland (SINI) has supported Kelly Gallagher for the last five years, from just prior to the Vancouver 2010 Paralympic Games. Kelly won a Gold medal at the 2014 Sochi Paralympic Games.

With regards to Kelly's performance pathway and training, SINI works in close partnership with the Sports Council, Charlotte Evans (Kelly's Guide), Paralympics GB, the British Disabled Ski Team, Disability Sports Northern Ireland (DSNI), UK Sport, and Disability Snow Sports UK. SINI engages with all of these partners to manage the support that Kelly receives from SINI. Kelly is a world class athlete and as such receives a high volume of SINI services. These services include:

- Strength and Conditioning;
- Sports Medicine;
- Physiotherapy;
- Performance Skills (focus sports psychology);
- Physiology;
- Performance Nutrition;
- Performance Planning; and
- Communications and Media Support.

### City of Culture Boxing Legacy

Sports Council worked with the clubs to identify equipment shortfalls within their clubs. This work concentrated on boxing rings, exercise equipment and defibrillators. Sports Council then developed a business case to approve an investment of £120,000 to boxing clubs to enable them to offer suitable equipment for their members to use.

The provision of exercise equipment allows performance boxers to train adequately for competitions, while the defibrillators improve the safety provision at the facilities.

Derry County Board obtained a competition boxing ring and competition scoring system which will also allow them to hold regional and national events in Derry, which the performance boxers from the club can attend.

## 2. Participation

### Active Communities

The Active Communities Programme is a National Lottery funded programme which began in March 2010. Over the course of the past four years the programme has engaged thousands of individuals across Northern Ireland, with a particular focus on women/girls, people with a disability and older people. Over the last three years, the programme has weighted interventions towards areas of greatest need with the result that disproportionately more projects are delivered in the top 20% of most disadvantaged communities across Northern Ireland (using the Noble Multiple Deprivation Index).

In 2013-14, the Active Communities Programme focused on increasing female participation in sport; to help redress longstanding inequalities in participation in sport between men and women. One example is the Active Women's project which was designed and delivered through a partnership between Belfast City Council, Belfast Community Sports Development Network, Women in Sport and Physical Recreation, and the Shankill Women's Centre. The project aimed to offer regular activity sessions to women suffering health problems such as diabetes, arthritis and obesity-related illnesses.

### **Sustainability/Environmental Matters**

Sports Council is committed to practices and procedures that minimise impacts on the environment and has continued to make good progress in becoming a more sustainable organisation while still focusing on "making sport happen."

Sports Council strategy is to ensure that:

- Energy usage is more efficient.
- Business travel where possible continues to be reduced through greater use of Video/Teleconferencing.
- Waste Management is controlled through the practice of reduce, reuse, repair and recycle.
- Biodiversity remains an element in planning for sports facilities and developments.

### **Future Developments in National Lottery Distribution Activities**

DCMS has revised allocations of how lottery good causes money is divided between arts, heritage, sports and the Big Lottery Fund. The impact of this has been to increase the percentage funding to Sports Council from 0.433% to 0.468% from 1 April 2011 and 0.520% from 1 April 2013.

### **Significant Changes in Non Current Assets**

The movement in non current assets is set out in note 9 and 10 to the financial statements. The main changes included the application of indexation to assets and the depreciation/amortisation charge for the year. The carrying amount of property, plant and equipment decreased from £14,828 to £7,850. Intangible assets decreased from £6,591 to £3,417. There were no new assets acquired, as the Lottery fund will be recharged a cost for use of Exchequer assets.

### **Equity at the Year End**

At the end of the year the Lottery Distribution Account showed an increase in funds of £1,559,982. This movement along with a transfer between reserves of £1,300 and the general reserve held at the end of 2012/13 of £5,186,305 resulted in the retained funds totaling £6,747,587 at 31 March 2014. This amount will be carried forward to the 2014/15 financial year and will be available for distribution.

The revaluation reserve had no movements on the NLDF account for 2013/14. At the 31 March 2014 the balance on this account was £115,312.

### **Financial Instruments**

Details of financial instruments can be found in note 1.13 and note 12 to the financial statements.

### **NLDF Balance Policy**

In August 2003 the DCMS issued a Guidance Note (1/03) which proposed that all Lottery Distributors should develop an NLDF policy, and should publish an annual statement in their audited accounts, setting out the basis of the policy and the actions required to manage the NLDF balance. The Sports Council's NLDF policy is included within the accounts at note 11b.

### **Audit**

So far as I, the Accounting Officer of Sports Council, am aware, there is no relevant audit information of which the Sports Council's auditors are unaware; and I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the Sports Council's auditors are aware of that information.



**Antoinette McKeown**  
**Chief Executive and Accounting Officer**  
**Sports Council for Northern Ireland**

**Date: 25 June 2014**



## Remuneration Report

The remuneration of senior civil servants is set by the Minister for Finance and Personnel. The Minister implemented a reform of arrangements for senior civil service pay and set a Pay Strategy for 2012 and 2013. The new remuneration arrangements and Pay Strategy have been developed following an assessment of the recommendations made by the Senior Salaries Review Body, the work emerging from the NICS comprehensive pay and grading review and to reflect the agenda set out in the NICS People Strategy. The new arrangements are based on a system of shorter pay scales containing a number of pay points from minima to maxima.

Within the Sports Council, the Acting Chief Executive and new Chief Executive are normally employed on terms analogous to Senior Civil Service Grade 5, however, DCAL agreed that special salary scales should be applied to both positions. All other executive directors are employed analogous to Grade 7.

As part of the annual pay award, all staff with acceptable performance received a base pay uplift. There is also a 'Special Bonus Scheme' in place which rewards exceptional performers with a non-consolidated bonus. The non-consolidated bonuses are payable to a proportion of staff as part of the annual pay award. There are to be no payments for performance during 2013/14. The pay remits for 2012/13 and 2013/14 were approved by the Department of Finance and Personnel and paid in November 2013.

The Acting Chief Executive was not eligible to receive a non-consolidated bonus payment as part of the 2012/13 pay award. Following the implementation of the agreed new special salary scales for the Acting Chief Executive the pay remit for 2012/13 is currently being updated for submission to DCAL shortly.

The Sports Council Staffing Committee was dissolved during the year. The Remuneration Committee was set up on 4 June 2013 and the new Committee's Terms of Reference were agreed at their first meeting on 6 August 2013. The Remuneration Committee is responsible for approving the Chief Executive's salary and assessing performance. Membership is made up of the following Council Members:

<b>Remuneration Committee</b>
Mr B Henning (Chairman)
Mr J D'Arcy (Vice Chairman)
Mr G Campbell
Mr D O'Connor

All other senior staff positions above Deputy Principal follow the NICS pay and grading spine policy. The Chief Executive assesses all Directors' performance.

The Sports Council appointed an Acting Chief Executive on 1 June 2012 who remained in this position until the new Chief Executive took up her position on 2 September 2013. Due to the Acting Chief Executive position being filled internally, a subsequent vacancy was then created and an Acting Director of Participation was appointed from September 2012 until 31 August 2013.

### Service Contracts

Sports Council staff appointments are made in accordance with the Sport Council Recruitment and Selection Policy and Procedures, 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. The notice period or compensation for early termination (other than for misconduct) of a contract is 3 months for the Chief Executive and Directors. Policy relating to notice periods and termination payments is contained in the Sports Council Staff Handbook and individual Terms and Conditions of Employment.

**Audited Remuneration and Pension Entitlements – Senior Staff**

The following section provides detail of the remuneration and pension interests of the Chief Executive and Directors of Sports Council.

Employee	2013-14					2012-13				
	Salary £'000	Bonus £'000	Benefits in kind (to nearest £100)	Pension Benefits (to nearest £1,000)*	Total £'000	Salary £'000	Bonus £'000	Benefits in kind (to nearest £100)	Pension Benefits (to nearest £1,000)*	Total £1,000
Antoinette McKeown Chief Executive (from 2 September 2013)	45-50 (80-85 full year equivalent)	-	100	13	60-65	-	-	-	-	-
Eamonn McCartan Previous Chief Executive (until 31 October 2012)	-	-	-	-	-	70-75 (90-95 full year equivalent)	-	200	33	100-105
Nick Harkness Director of Participation (from 2 September 2013)	35-40 (65-70 full year equivalent)	-	200	47	125-130	10-15 (60-65 full year equivalent)	-	200	19	80-85
Acting Chief Executive (until 1 September 2013)	40-45 (80-85 full year equivalent)	-	-	-	-	50-55 (60-65 full year equivalent)	-	-	-	-
Shaun Ogle Director of Performance	65-70	-	200	12	75-80	65-70	-	200	19	80-85
Andrew Sloan Director of Corporate Services	65-70	-	200	14	75-80	65-70	-	200	14	75-80
John News Acting Director of Participation (until 31 August 2013)	20-25 (55-60 full year equivalent)	-	200	11	60-65	30-35 (55-60 full year equivalent)	-	200	25	60-65
Band of Highest Paid Director's Total Remuneration	80-85					65-70				
Median Total Remuneration	29,640					29,088				
Ratio	2.8					2.3				

Salary costs include salary arrears from previous financial years.

\*(The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

## Sports Council Members Emoluments

The Chairman received honorarium totalling £10,000 (2012/13: £3,333 (full year equivalent £10,000)). The Chairman's honorarium is partially recharged to the Lottery Distribution Account £4,200 (2012/13: nil). An Interim Vice-Chairman was in post from 11 September 2012 to 31 March 2014, and requested not to be remunerated for this role. DCAL appointed a new Vice-Chairman on 1 April 2014.

No emoluments were paid to other Sports Council members in respect of Lottery activities. The Sports Council does not pay any pension contributions on behalf of the Chairman or Vice-Chairman.

### Salary

'Salary' includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation and any gratia payments. This report is based on payments made by the Sports Council before any deduction of recharges to the Lottery Fund.

### Benefits in kind

There is currently a PAYE Settlement Agreement in place which covers the payment of tax and NIC in respect of all luncheon vouchers paid to staff.

### Bonuses

No bonus will be paid for the performance period 2013/14.

### Core Exit Packages

The Sports Council processed no exit packages.

### Sports Council Pensions

The Sports Council participates in the Northern Ireland Local Government Officers' Superannuation Committee Scheme (NILGOSC) and made contributions for 110 employees, of which, 12 were employed for part of the year. All assets, liabilities and operating costs relating to the pension scheme are processed through the Sports Council Exchequer Accounts. A recharge is made to the Sports Council Lottery Distribution Accounts for any pension costs incurred on its behalf. During the year 12 staff were recharged to Lottery.

The NILGOSC scheme is a 'final salary' scheme which is administered by the NILGOSC. The benefits paid under the Scheme are based on length of membership and final salary. NILGOSC maintain a fund to provide for the payment of current and prospective benefits to members of the Scheme. In order to ensure that this objective is achieved, the Committee must determine a suitable investment strategy, which provides both a high return on investments and an acceptable level of risk.

Employee contribution rates are based on pensionable pay and are in the range 5.5%-7.5%. For 2013/14 the rates were as follows:

Band	Range	Contribution Rate
1	£0 - £13,700	5.5%
2	£13,701 - £16,100	5.8%
3	£16,101 - £20,800	5.9%
4	£20,801 - £34,700	6.5%
5	£34,701 - £46,500	6.8%
6	£46,501 - £87,100	7.2%
7	More than £87,100	7.5%



Sports Council for Northern Ireland Lottery Distribution Account 2013-14

7	More than £87,100	7.5%
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The employer contribution rate for 2013/14 was 20%.

For any membership accrued before 1 April 2009 benefits will accrue at a rate of 1/80th of the employee's final year pensionable pay and an automatic tax free lump sum of three times their pension. For all membership accrued from 1 April 2009 benefits accrue at a rate of 1/60th of final pensionable pay for each year of service but with no automatic lump sum (members can choose to give up some of their pension to provide a lump sum). Additional Voluntary Contributions (AVC) can be paid through the NILGOSC in-house AVC provider, Prudential.

Further details about the NILGOSC pension scheme can be found at the website [www.nilgosc.org.uk](http://www.nilgosc.org.uk) and note 3 to the accounts.

**Audited Information**

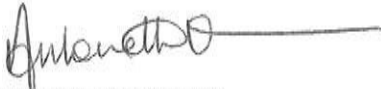
Employee	Accrued pension at age 65 as at 31/3/14 and related lump sum	Real increase in pension and related lump sum at age 65	CETV at 31/3/14	CETV at 31/3/13	Real increase in CETV
	£'000s	£'000s	£'000s	£'000s	£'000s
Antoinette McKeown Chief Executive (from 2 Sept 13)	0-5 plus Nil lump sum	0-2.5 plus Nil lump sum	9	-	9
Nick Harkness Acting Chief Executive (ended 1 Sept 13) Director of Participation (from 2 Sept 13)	25-30 plus 60-65 lump sum	2.5-5 plus 2.5-5 lump sum	464	404	49
Shaun Ogle Director of Performance	20-25 plus 55-60 lump sum	0-2.5 plus (0-2.5) lump sum	451	417	23
Andrew Sloan Director of Corporate Services	10-15 plus 25-30 lump sum	0-2.5 plus (0-2.5) lump sum	214	193	16
John News Acting Director of Participation (ended 30 August 13)	10-15 plus 20-25 lump sum	0-2.5 plus (0-2.5) lump sum	167	151	12

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

*Real increase in CETV*

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



**Antoinette McKeown**  
**Chief Executive and Accounting Officer**  
**Sports Council for Northern Ireland**

**Date: 25 June 2014**

## Statement of the Council's and Accounting Officer's Responsibilities

The Sports Council is required to prepare a statement of accounts for each financial year in accordance with section 35(2) & (3) of the National Lottery etc. Act 1993 and accounts direction given by DCAL, with the approval of the Secretary of State for Culture, Media and Sport.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Sports Council's Lottery distribution activities at the year-end and of its income and expenditure, changes in equity and cash flows for the financial year.

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

- observe the accounts direction issued by DCAL on behalf of the Secretary of State for the Department for Culture, Media and Sport, including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis;
- make judgments and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts; and
- prepare the accounts on a going concern basis.

The Accounting Officer for DCAL has designated the Chief Executive of the Sports Council as the Accounting Officer for the Sports Council. Her relevant responsibilities as Accounting Officer, including her responsibility for the propriety and regularity of the finances for which she is answerable and for the keeping of proper records, are set out in the Non-Departmental Public Bodies' Accounting Officer Memorandum issued by the Northern Ireland Department of Finance and Personnel, the guidance contained within 'Managing Public Money', and in the Financial Directions issued by the DCAL on behalf of the Secretary of State for Culture, Media and Sport under s26(3) of the National Lottery etc. Act 1993.

From 1 June 2012, Nick Harkness, Director of Participation, had been appointed as Acting Chief Executive and Accounting Officer. He remained in post until Antoinette McKeown the new Chief Executive took up her post on 2 September 2013.



**Antoinette McKeown**  
**Chief Executive and Accounting Officer**  
**Sports Council for Northern Ireland**

25 June 2014

## Annual Governance Statement

### (A) Purpose of the Governance Statement

Sports Council is required to include a Governance Statement with its annual accounts. The purpose of the Governance Statement is to explain what arrangements Sports Council has in place to identify, evaluate and manage the risks to the achievement of objectives. Sports Council's Governance Statement is informed by the corporate risk register, quarterly and annual assurance statements to the Department, management reports and findings from third party reviews.

### (B) Scope of Responsibility

As Accounting Officer of Sports Council, I am personally responsible for safeguarding the public funds for which I have charge; for ensuring propriety and regularity in the handling of those public funds; and for the day-to-day operations and management of Sports Council.

As Accounting Officer, I exercise the following responsibilities in particular:

- Establish, in agreement with the Department, Sports Council's corporate and business plans in support of the Department's wider strategic aims and current Programme for Government objectives and targets;
- Inform the Department of Sports Council's progress in helping to achieve the Department's policy objectives and in demonstrating how resources are being used to achieve those objectives; and
- Ensure timely forecasts and monitoring information on performance and finance are provided to the Department; that the Department is notified promptly of overspends or underspends and that corrective action is taken; and that any significant problems, whether financial or otherwise, and whether detected by internal audit or by other means, are notified to the Department in a timely fashion;
- Advise the Board on the discharge of its responsibilities as set out in the Management Statement and Financial Memorandum, the Recreation and Youth Service (Northern Ireland) Order 1986 and in any other relevant instructions and guidance that may be issued by DFP or the Department;
- Advise the Board on Sports Council's performance compared with its aims and objectives;
- Ensure that financial considerations are taken fully into account by the Board at all stages in reaching and executing its decisions, and that standard financial appraisal techniques are followed appropriately;
- Take action as set out in Section 3.8 of Managing Public Money Northern Ireland if the Board, or its Chairman, is contemplating a course of action involving a transaction which would infringe the requirements of propriety or regularity, or does not represent prudent or economical administration, efficiency or effectiveness;
- Ensure that a system of risk management is maintained to inform decisions on financial and operational planning and to assist in achieving objectives and targets;
- Ensure that an effective system of programme and project management and contract management is maintained;
- Ensure compliance with the Northern Ireland Public Procurement Policy;
- Ensure that all public funds made available to Sports Council including any income or other receipts, are used for the purpose intended and are used economically, efficiently and effectively;
- Ensure that adequate and appropriate internal management and financial controls are maintained including effective measures against fraud and theft;

- Maintain a comprehensive system of internal delegated authorities that are notified to all staff, together with a system for regularly reviewing compliance with these delegations;
- Ensure that effective personnel management policies are maintained;
- Sign the accounts and be responsible for ensuring that proper records are kept relating to the accounts and that the accounts are properly prepared and presented in accordance with any directions issued;
- Sign a Statement of Accounting Officer's responsibilities, for inclusion in the annual report and accounts;
- Sign a Governance Statement for inclusion in the annual report and accounts;
- Ensure that effective procedures for handling complaints are established;
- Ensure that Sports Council acts in accordance with the Financial Directions issued by the Department on behalf of the Secretary of State for Culture, Media and Sport under s26(3) of the National Lottery etc. Act 1993;
- Give evidence before the Public Accounts Committee on the use and stewardship of public funds by Sports Council;
- Ensure that an Equality Scheme is in place;
- Ensure that 'Lifetime Opportunities' (Government's Anti-Poverty and Social Inclusion Strategy for Northern Ireland) is taken into account;
- Ensure compliance with all legislative requirements including the Data Protection Act 1998 and the Freedom of Information Act 2000.
- As Sports Council's Consolidation Officer, prepare the consolidation information, which sets out the financial results and position of Sports Council; for arranging for its audit; and for sending the information and the audit report to the Principal Consolidation Officer nominated by DFP;
- Comply with the requirements of Sports Council's Consolidation Officer Letter of Appointment as issued by DFP;
- Ensure that Sports Council has in place and maintains sets of accounting records that will provide the necessary information for the consolidation process;
- Prepare all necessary consolidation information in accordance with the consolidation instructions and directions issued by DFP "Dear Consolidation Office" (DCO) and "Dear Consolidation Manager" (DCM) letters on the form, manner and timetable for the delivery of such information.

### **(C) Governance Framework**

#### **The Purpose of the Governance Framework**

The governance framework comprises the systems and processes, and culture and values, by which Sports Council is directed and controlled and the activities through which it accounts to, engages with the public and other stakeholders. It enables Sports Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate and value for money services and facilities.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives, and 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 Sports Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

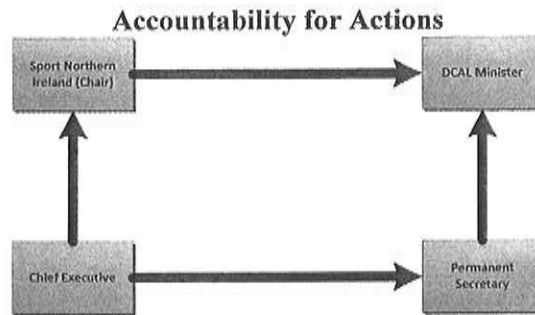
The governance framework outlined below has been in place for the year ended 31 March 2014 and up to the date of approval of the annual report and accounts.



### Sports Council's Governance Framework

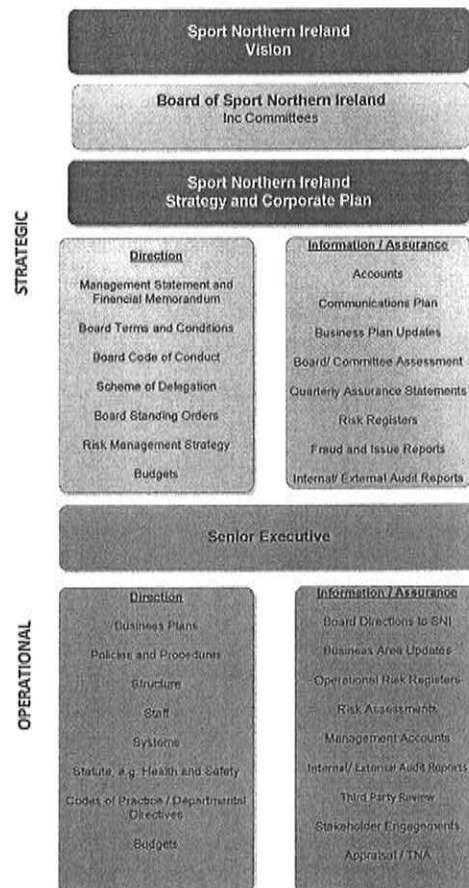
As an Arm's Length Body of the Department of Culture, Arts and Leisure (DCAL), Sports Council is publicly accountable to DCAL and its Minister for its performance and the use of its resources. See figure 1.

Fig 1



Sports Council's Governance Framework is predicated on the provisions laid out within 'Corporate Governance in Central Government Departments 2013' as is detailed below in figure 2.

Fig 2



The key elements of the systems and processes that comprise Sports Council's governance arrangements are:

### **1. Sports Council's Vision, Purpose and Intended Outcomes**

In delivering on its strategic objectives, Sports Council produces a three-year corporate plan and an annual business plan. The corporate plan is a forward looking document linking the operational activities of Sports Council to its strategy.

Following DCAL's decision to undertake further stages of the Regional Stadium, a new corporate strategy for 2012-2015 was developed. The plan and associated priorities are in line with "Sport Matters: The Northern Ireland Strategy for Sport and Physical Recreation 2009-19". The corporate plan also contains baseline resources required to effectively deliver against the specified high level targets and outcomes in Sports Matters.

### **2. Board**

Sports Council is headed by a Board of 15 Members. The principal role of the Board is the stewardship of all public resources entrusted to Sports Council to aid the realisation of the policies and priorities of the Minister and the Northern Ireland Executive.

Supporting the Board are both the Audit and Risk Management Committee and Remuneration Committee.

#### Audit and Risk Management Committee

The Audit and Risk Management Committee support the Board and Accounting Officer by reviewing the comprehensiveness and reliability of assurances on governance, risk management, the control environment and the integrity of financial statements and the annual report. The Committee consists of four members who are appointed by the Chair of the Board and who serve on the Committee for a four-year term. The Committee will normally meet four times a year.

The Audit and Risk Management Committee will advise the CEO and Board on

- The strategic processes for risk, control and governance;
- The accounting policies and the accounts of the organisation;
- The planned activity and results of both internal and external audit;
- The adequacy of management response to issues identified by audit activity including external audit's management letter;
- Assurances relating to the corporate governance requirements for the organisation;
- The tendering and provision of audit services; and
- Anti-fraud polices, whistleblowing processes and arrangements for special investigations.

In fulfilling its duties as defined within its Terms of Reference, the Audit and Risk Management Committee will engage with Sports Council's Internal Auditor. This service will be outsourced from 1 April 2014.

### Remuneration Committee

The Remuneration Committee is nominated by the Chair of Sports Council and supports the Board providing assurances on issues concerning the appointment, remuneration and appraisal of the CEO.

The role and remit of the Board and each of its committees is governed by Terms of Reference which are subject to regular review.

## **3. Audit**

### Internal Audit

The mission of the Internal Audit function is to provide independent, objective assurance and consulting services designed to add value and improve the organisation's operations. It helps the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

### External Audit

The Comptroller and Auditor General is the appointed external auditor of the financial statements of Sports Council.

## **4. Risk Management**

Like all organisations, Sports Council is exposed to a variety of risks that have the potential to adversely impact the achievement of objectives. In responding to risk, Sports Council has implemented a comprehensive framework for identifying, monitoring and reporting on risk. This is driven by its Risk Management Strategy that was reviewed and updated in 2013 to address best practice.

The Board has ultimate responsibility for ensuring the existence of effective arrangements for governance, risk management and internal control. Assisting the Board is the Audit and Risk Management Committee who will review the comprehensiveness and reliability of assurances on risk management.

A key constituent of effective risk management is the understanding and articulation by the Board of its risk appetite. During 2014, the Board will be considering the strategic priorities of the organisation and its key risk exposures defining its risk appetite across a range of business critical activities. This represents a significant shift along the risk maturity continuum and will determine how risk at an operational level will be considered and managed.

The core risks for Sports Council in 2013/14 were around the achievement of strategic objectives, governance, the successful delivery of capital projects, fraud, health and safety and information governance.

The range of risks influencing Sports Council during 2014/15 is likely to be similar in nature although the incorporation of the Sports Institute Northern Ireland into Sports Council does present a new opportunity and with it integration risk.



## 5. Measuring Service Quality

At the heart of Sports Council is the provision of a service which improves participation, sporting performance and value for money. To this end Sports Council monitors business areas and associated performance indicators ensuring that opportunities are fully exploited and strategic objectives met. This necessitates the establishment of corporate and operational Key Performance Indicators, baseline performance data, budgeting, resource allocation and the alignment of strategic objectives with relevant Sport Matters and Public Service Agreement Targets.

## 6. Management Statement and Financial Memorandum

The business operations of Sports Council are governed by a Management Statement and Financial Memorandum.

The Management Statement and Financial Memorandum defines the relationship between DCAL and Sports Council, and articulates the financial and administrative framework within which Sports Council operates. This document has been subject to recent review by DCAL.

## 7. Standards of Behaviour for Members and Staff

### Code of Conduct

Board Members and officers are bound by Sports Council's Code of Conduct. Members are also required to adhere to the terms and conditions stipulated within their letters of appointment.

### Anti-Fraud and Corruption

Sports Council has an approved anti-fraud and corruption policy and procedures. These cover the prevention, detection and management of fraud and / or corruption and fair dealing in matters pertaining to fraud and / or corruption.

### Whistleblowing

Supplementing this is a whistleblowing policy and procedures that ensures any employee or Board Member can confidentially raise concerns about perceived malpractice within the organisation.

### Gifts and Hospitality

Sports Council has also an approved gifts, benefits and hospitality policy and procedures in place which provides direction to employees and Members on the provisions and receipt of Gifts and Hospitality.

### Conflicts of Interest

In seeking to manage conflict of interest, real or perceived, Sports Council has in place a conflicts of interest policy.

### Data Protection

Sports Council is fully committed to protecting the privacy of all individuals including staff, contractors, service users and others, by ensuring lawful use of their personal information. Directing this requirement is a data protection policy and an information security policy.

## **8. Delegated Decisions**

Sports Council's Scheme of Delegation covers financial and non-financial responsibilities and provides direction as to where decisions can be taken by Sports Council's CEO and where the Board should retain decision-making control.

## **9. Policies and Procedures**

Sports Council has a suite of policies and procedures in place which govern all operational activities within Sports Council. These are driven and informed by statutory requirements, best practice and governing protocols.

## **10. Organisational Structure**

The organisational structure, systems and skills make-up of Sports Council are designed to maximise output delivery, improve responsiveness and ensure resources are tailored and matched to meet the needs of Sports Council stakeholders.

In retaining the requisite skills mix, Sports Council has in place a comprehensive skills and training analysis framework which serves to identify skills and experience needs, fulfill these and match these with the requirements of the organisation in the delivery of its strategic priorities.

## **11. Financial resources**

The financial needs associated with the delivery of Sports Council's strategic objectives are based on detailed forecasting and investment evaluation and planning. Financial requirements are translated into detailed financial budgets and financial performance is regularly assessed and evaluated through the preparation of management accounts, which are reported to the Board bi-monthly.

## **12. Value for Money**

Sports Council applies value for money principles in all of its practices. This is carried out at the top level via the investment policy that intentionally covers value for money within the production of business cases for funding. Sports Council also includes value for money during tendering exercises for the procurement of goods/services. DCAL has a service level agreement in place with Central Procurement Division, regarding the use of their services during procurement / construction exercises. Sports Council falls within the remit of this service level agreement and has implemented it. In addition, Sports Council applies the government policy of achieving excellence in construction.

Sports Council avoids inefficiency through applying its investment policies and adhering to government procurement and project management guidelines. In addition, the budgeting process, production of management accounts and project evaluations ensures that funds are allocated in a manner congruent with the achievement of intended objectives.

**(D) Business Performance**

**Key Performance Indicators**

The governance framework outlined above has been integral to the success of Sports Council during the period 2013/14.

The Sports Council has a range of performance indicators that are resourced both by Exchequer and Lottery funding. The effectiveness of an organisation in the pursuance of its strategic objectives will be determined based on performance across all corporate indicators. This report therefore encompasses the full suite of Sports Council's performance indicators.

Of the 66 key performance indicators contained within the business plan 2013/14. The final outturn for the year identified that 61 (92%) were achieved.

In delivering on these targets, Sports Council has positively impacted on increasing participation in sport and recreation, improved access and equality, improved performance and medal achievement, enhanced facilities and associated health and safety provisions and developed stakeholder capacity. Details of the 5 key performance indicators not fully achieved during 2013/14 are detailed below.

Target	Rationale
<b>1.1.8 - Launch of the new 'Pathfinder' programme in 2013/14.</b>	Delivery against this target has been delayed due to other work priorities. This programme was launched in April 2013.
<b>3.1.2 - The development and launch of a 'high performance sports facilities capital' programme.</b>	The lack of key personnel at programme critical points has delayed delivery against this target. This programme will now be delivered during 2014/15.
<b>3.1.3 - The development and launch of a new 'club-community sports facilities' capital investment programme.</b>	The lack of key personnel at programme critical points has delayed delivery against this target. This programme will now be delivered during 2014/15.
<b>3.1.4 - The development of 11 sub-regional sport facility strategies.</b>	Linked with the new local government structure in the Northern Ireland, delivering against this target within the agreed timeframe has been adversely influenced by both the forthcoming elections and the Review of Public Administration. The development of 11 sub-regional sports facility strategies remains a priority for Sports Council and will be delivered upon during 2014/15. To date, terms of references have been development for both engagement of consultants and direction of the project delivery team. Consultation has also taken place with key stakeholder's in particular local government CEOs.
<b>4.1.4 - Completion of 10 'Safeguarding in Sport' health checks for funded clubs and /or sporting organisations.</b>	Delivery against this target has been delayed due to other work priorities. This target will be delivered on in quarter one of 2014/15.

## **Financial Performance**

Sports Council has robust financial controls and systems in place. These comprise of skilled staff, policies and procedures, governing directives, in particular 'Managing Public Money Northern Ireland', duty segregation, management oversight, reconciliations and independent audit.

An in-depth analysis of the financial performance of Sports Council during 2013/14 is provided in the financial statements detailed within this annual report.

## **London 2012 Legacy**

As the leading public body for the development of sport in Northern Ireland, Sports Council is currently delivering and planning to deliver a number of interventions designed to realise a legacy benefit from London 2012.

The contribution that Sports Council makes to the performance sport legacy post London 2012 can be broken down into three strands:

- (i) Pathways  
Working with key partners of sports to enable athletes to progress towards podium places.
- (ii) Club Development  
Working closely with governing bodies of sport to build and maintain high standards within the sports club environment, for example Clubmark NI.
- (iii) Talent Identification  
Promoting Talent ID strategies within sports also ensure that talented athletes are identified 6-8 years out from their peak performance. Sports Council is currently investing in 22 Talent posts; a 100% increase on investment in Talent prior to London 2012.

## **Evaluation**

### Arms Length Body Review

In 2012, DCAL undertook its stage 1 review of Sports Council as part of a wider evaluation of its Arm's Length Bodies. The purpose of this review was to determine the future requirement of the functions provided by Sports Council. The subsequent report was issued in 2013 and while recommendations were made around roles and responsibilities, risk management and business planning, the report concluded that the functions of Sports Council are required.

Subsequent to this review, the Audit and Risk Management Committee of Sports Council initiated a governance improvement plan. The outworking's of this initiative has included policy updates, development of Board and staff resource aids, the implementation of a revised risk management strategy and a tailored programme of training for staff and Board Members. The ARMC and Chair of Sports Council presented on their work to DCAL on 27 February 2013. The governance documents emanating from this review were ratified by the Board in April 2013.

In 2013, DCAL undertook a stage 2 review of Sports Council. This review built on the findings from the previous assessment and sought to examine how best the functions of Sports Council could be delivered. The report recommends that Sports Council should be retained to deliver Lottery functions.

This is an endorsement of the work undertaken by Sports Council and a clear indication of the congruence of the organisation's strategic aims with those of DCAL and the wider government agenda.

Board and Committee Appraisal

Sports Council's Board met on 5 occasions during 2013/14 to discuss and consult on key strategic matters. Maximising the role played by the Board is predicated on ensuring the availability of requisite skills and competencies and that members regularly attend meetings.

The Board of Sports Council is adequately skilled and experienced to undertake their leadership role. Attendance for the year 2013/14 is detailed below:

Name	Month of Meeting				
	Apr 13	Jun 13	Aug 13	Oct 13	Jan 14
B Henning	√	√	√	√	√
G Campbell	√	x	√	√	√
R Carr	x	x	N/A	N/A	N/A
M Cowan	√	N/A	N/A	N/A	N/A
P Cummings	√	√	√	√	√
J D'Arcy	√	√	x	x	√
B Delaney	√	√	√	x	√
B Macauley	√	√	√	√	√
R Mallon	√	√	√	√	√
S McCullough	√	√	x	√	√
D O'Connor	√	√	√	√	√
J O'Neill	√	x	√	x	√

√ - In Attendance

x - Not In Attendance

N/A - Not a Member

Supporting the opinion on Members skills and competencies is the self-evaluation which the Chair of the Board undertakes each year.

The purpose of this assessment is to benchmark performance against current best practice and to identify opportunities for improvement.

The Board assessment was undertaken by the Chair of Sports Council and concludes other than succession planning, an area over which the Chair has limited control, the Board of Sports Council meets all required standards.

This conclusion is further supported by the improvements made to the framework of governance within Sports Council as part of the Governance Improvement Project undertaken in 2013.

The outworking's of this improvement initiative includes, policy updates, development of Board and staff resource aids, the implementation of a revised risk management strategy and a tailored programme of training for staff and Board Members.

This process has enabled assurances to be gained as to the effectiveness of the framework of governance within Sports Council, a framework which the CEO and Senior Management Team are actively embedding within the culture and workings of the organisation.



Any evaluation against best practice will open up areas for improvement and the self-assessment by the Chair has identified a number of areas for the Board to focus on over the next 12 months. These areas pertain to succession planning and risk appetite.

### Succession Planning

The Board of Sports Council is appointed by DCAL and succession planning in respect of the strategic leadership of the organisation will rest with DCAL. The Chair however recognises their role in ensuring that associated risks be communicated appropriately and in a timely manner, in particular around Board vacancies.

Internally, the performance management system has been refined to improve reporting and feedback with a view to developing and enhancing skills internally and ensuring that skills gaps do not exist upon departure of key personnel. This will be a continual process.

### Risk Appetite

As part of the governance improvement plan a revised approach to risk management was developed and which encompasses clear articulation by the Board of Sports Council's risk appetite. During 2014, the Board will consider the strategic priorities of the organisation and its key risk exposures and define its risk appetite across a range of business critical activities. This will be complemented by organisational risk registers that will feed into and inform the corporate risk register.

### Audit and Risk Management Committee Annual Assessment

The purpose of the review was to assess the effectiveness of Sports Council's Audit and Risk Management Committee using the National Audit Office assessment checklist.

The review concludes that the Audit and Risk Management Committee of Sports Council complies with best practice. This conclusion is supported by the findings from external quality assessment against the Government Internal Audit Standards undertaken in 2011 and the improvements made to the framework of governance within Sports Council undertaken as part of the Governance Improvement Project undertaken in 2013.

The review did highlight the opportunity to better formalise appointments to the Audit and Risk Management Committee which the Board will be reviewing and addressing in 2013/14.

During the year, the following members were in attendance:

Name	Month of Meeting				
	May 13	Jun 13	Jul 13	Oct 13	Jan 14
G Campbell	N/A	√	√	√	√
P Cummings	√	√	√	x	x
J D'Arcy	√	√	√	√	√
R Mallon	√	√	√	√	√

√ - In Attendance

x - Not In Attendance

N/A - Not a Member

### **Remuneration Committee - Annual Assessment**

The first meeting of Sports Council's Remuneration Committee took place in August 2013. At this meeting both the Terms of Reference and Committee valuation framework were agreed. All members were in attendance at this meeting.

The evaluation by the Remuneration Committee of its performance during 2013/14 has highlighted no weaknesses or areas where improvements are required.

### **(E) Assurance Information**

Although I have only been in post since 2 September 2014, the governance system described in this statement has been in place for the whole of the financial year ended 31 March 2014 and accords with DFP guidance. No significant issues with the governance system have arisen during the period covered by this statement.

The Board and the Audit and Risk and Management Committee met on 5 occasions during 2013/14.

The Board is satisfied with the quality, timing and availability of information with which it is furnished. Managers may attend Board meetings upon request, this provides an additional tier of assurance enabling Members to question further and test the quality, depth and accuracy of information presented to it. The work of the Audit and Risk Management Committee also aid assurances available to the Board in term of information with which it is presented. This Committee reviews many of the core assurance and governance documentation in advance of Board and are able to attest information via challenge and the work of internal and external audit.

At each meeting, Sports Council's risk register was reviewed. Other key assurance documentation reviewed by the Board include the annual governance statement, quarterly assurance statements, Board and Committee evaluation reports, NIAO reports to those charged with governance, business plan update reports and the internal audit annual report and opinion.

In April 2013, the Board formally approved the suite of governance documentation and supporting aides developed as part of the Governance Improvement Plan.

### **Audit Assurance**

#### Internal Audit

Based on the work completed by Sports Council's Internal Auditor between 1 April 2013 and 31 March 2014 a satisfactory assurance has been provided. This assurance recognises that general controls are in place and are generally being adhered to.

During the year the Internal Auditor issued one limited internal audit reports. This pertained to the review of Income Management at Tollymore National Outdoor Centre.

Cognisant of the part played by each of these systems within the overall framework of internal control and mindful of the timely remedial action taken by management, Internal Audit does not consider the weaknesses identified to be indicative of the wider system of internal control or sufficient enough to render the overall system of internal control as limited.

## External Audit

Sports Council received an unqualified opinion from the Comptroller and Auditor General in respect of its 2012/13 Financial Statements. In addition to his opinion on the financial statements, a 'Report to Those Charged with Governance – Sports Council Lottery Distribution Fund' was also issued in July 2013. This report focuses on the governance and control framework within Sports Council. Within this report there are a total of 7 recommendations of which 3 are considered priority 1 areas. The priority 1 areas identified relate to pension, working allowances and advance funding.

Given the contractual nature of these payments under pension and working allowances, Sports Council has sought professional guidance. The issues have yet to be fully resolved and Sports Council will continue to act on the legal advice provided by its solicitors. Sports Council was satisfied that advance funding did not take place but continued to pursue recovery of funds outstanding.

## **(F) Risk Management**

### **Risks Materialised**

No significant risk(s) materialised during the period April 2013 – March 2014 which had or could be perceived to have had an adverse impact on the achievement of objectives.

The risk register remained largely unaltered through the year with the exception of the risk associated with underspend on capital projects which was removed at the end of quarter 2 and the risk associated with the approval of the business case altering funding to Sports Institute which was added in quarter 2.

With regards to the former, management having revisited the risk considered it immaterial in terms of likelihood and therefore de-escalated the risk. The latter risk refers to the approval of the business case prepared by Sports Council which seeks to transfer the funding of the Sports Institute from the Lottery to Exchequer.

During 2013/14 there were a number of Board vacancies and this had the potential to influence the successful performance of the Board. DCAL did address the matter through filling the vacant posts. Due to the short duration of the vacancies there was no impact on the business of the Board.

A number of reviews commenced during this reporting period which may impact the focus of future business operations.

### **Value for Money Review – Sports Council**

As a result of a number of 'emerging issues' arising from the stage 1 ALB review, a value for money review was undertaken of Sports Council.

The nature and scope of the value for money review necessitated the use of consultants. Sports Council prepared a business case and terms of reference for this review which was approved by DCAL. McClure Watters was appointed and formally commenced their work on 4 June 2013.

The core emphasis of this review is to assess the efficiency of Sports Council compared to its peer organisations. In addition, the review will also consider the organisational performance across Corporate Services, Participation and Performance in terms of economy, efficiency and effectiveness in order to draw conclusions on overall value for money. It is envisaged that the final report will be available in April 2014.



### **(G) Investigations**

During the course of 2012/13 a number of investigations were undertaken by Sports Council into cases of potential fraud and irregularity. There were no cases of confirmed fraud.

### **(H) Emerging Issues**

#### **Public Finances**

One of the key issues affecting not only Sports Council, but the whole of the public sector will be available funding.

Sports Council has been mindful of this challenge for some time and continues to be innovative in how it conducts its business to ensure that the deliverability of its objectives in the future.

#### **Zero Based Budgeting**

Sports Council undertook a zero based budgeting exercise in 2013. The purpose of this exercise was to encourage managers to examine and justify expenditure, assess alternatives and reduce the risk of waste and budgetary slack.

This exercise contributed to Sports Council's commitment to maximise value added services and ensure that the requisite resources are allocated to meeting its core principles of addressing inequality, poverty and social exclusion through sport and physical recreation.

#### **Addressing Bureaucracy**

Ensuring that public money is spent properly is vital; however this is not the primary aim of Sports Council. Our primary aim to deliver outcomes for our stakeholders.

Mindful of developments within the public sector, most notably the new Charity Commission for Northern Ireland and the reform of local government there is a case for streamlining aspects of the administration processes associated with funding procedures.

The Northern Ireland Executive in its report '*Addressing Bureaucracy, a report tackling bureaucracy funding to the Voluntary and Community Sector*' acknowledges that administration carries a cost and has the potential to adversely influence outcomes.

Our grant recipients and partners have a right to expect that Sports Council will work in co-operation with them to ensure that administration burdens are minimised as far as is reasonably practicable.

To this end Sports Council will be actively engaging with its key stakeholders during 2014/15 to determine appropriate methods of working that will be conducive with the effective achievement of outcomes whilst fulfilling the requirements of Managing Public Money Northern Ireland.

#### **Sports Council Joint Venture**

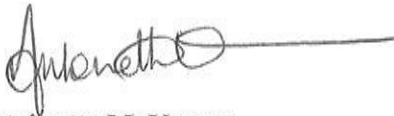
Sports Council for Northern Ireland holds a long term interest in the Sport's Institute Northern Ireland which it controls jointly with University of Ulster under a contractual agreement. The Sports Institute Northern Ireland is a registered company limited by guarantee.

Subsequent to a recent review, it has been agreed that Sports Council will assume full control over the Sports Institute Northern Ireland during 2014. This will provide for enhanced flexibility and control over the contribution made by the Institute to the wider Government objectives in relation sporting performance.

Maximising these opportunities will incur some challenges in the short term to fully merge the structures, systems, staff and accounting framework of the Sports Institute with that of Sports Council.

**(I) The Year Ahead**

I propose over the coming year to take steps to address the above matters to further enhance governance arrangements, continually improve how we manage risk and build on our achievements to date. I am satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.



**Antoinette McKeown**  
**Chief Executive and Accounting Officer**  
**Sports Council for Northern Ireland**

**25 June 2014**

## Sports Council for Northern Ireland Lottery Distribution Account 2013-14

### 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 Sports Council for Northern Ireland Lottery Distribution Account for the year ended 31 March 2014 under the National Lottery etc. Act 1993. The financial statements comprise: the Statements of Comprehensive Net Income, Financial Position, Cash Flows, Changes in Equity; 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 Council, Accounting Officer and auditor

As explained more fully in the Statement of the Council's and Accounting Officer's Responsibilities, the Sports Council for Northern Ireland and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the National Lottery etc. Act 1993. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Sports Council for Northern Ireland Lottery Distribution Account's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Sports Council for Northern Ireland; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report, Statement of the Council's and Accounting Officer's Responsibilities and Annual Governance Statement to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

#### Opinion on Regularity

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

#### Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Sports Council for Northern Ireland Lottery Distribution Account's affairs as at 31 March 2014 and of the net income for the year then ended; and
- the financial statements have been properly prepared in accordance with the National Lottery etc. Act 1993 and Secretary of State directions issued thereunder with the approval of HM Treasury.

### Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions made with HM Treasury approval under the National Lottery etc. Act 1993; and
- the information given in the Directors' Report and Strategic Report sections of the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.


### Matters on which I report by exception

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

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

### Report

I have no observations to make on these financial statements.

  
Amyas C E Morse  
Comptroller and Auditor General  
National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

 July 2014

**Statement of Comprehensive Net Income for the year ended 31 March 2014**

	Note	2013/14 £	2012/13 £
<b>Expenditure</b>			
Staff costs	3	477,560	322,867
Depreciation and amortisation	9&10	8,344	11,086
Other Expenditure	4a	322,423	352,485
Grant Commitments	4b	6,499,261	9,566,921
Grant Hard De-Commitments	4b	(187,600)	(978,680)
<b>Total Expenditure</b>		<b>7,119,988</b>	<b>9,274,679</b>
<b>Income</b>			
Income from Activities	5	8,673,303	10,119,758
Other Income	6	6,236	27,910
<b>Total Income</b>		<b>8,679,539</b>	<b>10,147,668</b>
<b>Net Income</b>		<b>1,559,551</b>	<b>872,989</b>
Interest Receivable	7	539	-
<b>Net Income After Interest</b>		<b>1,560,090</b>	<b>872,989</b>
Taxation	8	(108)	-
<b>Net Income After Tax</b>		<b>1,559,982</b>	<b>872,989</b>
<b>Other Comprehensive Net Income</b>			
<b>Items that will not be reclassified to net operating costs:</b>			
Net (loss)/gain on revaluation of Property, Plant and Equipment	18	(1,252)	2,595
Net (loss)/gain on revaluation of Intangible Assets	18	(556)	1,322
<b>Total Comprehensive Net Income for the year ended 31 March 2014</b>		<b>1,558,174</b>	<b>876,906</b>

*All activities were continuing in the year.*

*The notes on pages 36 to 54 form part of these accounts.*

## Statement of Financial Position as at 31 March 2014

	Notes	2013/14 £	2012/13 £
<b>Non-current assets</b>			
Property, plant and equipment	9	7,850	14,828
Intangible assets	10	3,417	6,591
<b>Total non-current assets</b>		<b>11,267</b>	<b>21,419</b>
<b>Current assets</b>			
Trade and other receivables	13	13,332	13,955
Financial assets	11	13,270,205	12,790,929
Cash and cash equivalents	14	75,169	260,238
<b>Total current assets</b>		<b>13,358,706</b>	<b>13,065,122</b>
<b>Total Assets</b>		<b>13,369,973</b>	<b>13,086,541</b>
<b>Current liabilities</b>			
Trade and other payables	15	(216,757)	(179,514)
Grant Commitments	15	(6,193,086)	(7,337,764)
<b>Total current liabilities</b>		<b>(6,409,843)</b>	<b>(7,517,278)</b>
<b>Non-current assets plus net current assets</b>		<b>6,960,130</b>	<b>5,569,263</b>
<b>Non-current Liabilities</b>			
Grant Commitments	16	(97,231)	(264,538)
<b>Total non-current liabilities</b>		<b>(97,231)</b>	<b>(264,538)</b>
<b>Assets less liabilities</b>		<b>6,862,899</b>	<b>5,304,725</b>
<b>Equity</b>			
General Reserve		6,747,587	5,186,305
Revaluation Reserve	18	115,312	118,420
<b>Total reserves</b>		<b>6,862,899</b>	<b>5,304,725</b>



**Antoinette McKeown**  
**Chief Executive and Accounting Officer**  
**Sports Council for Northern Ireland**

25 June 2014

*The notes on pages 36 to 54 form part of these accounts.*





## Statement of Cash Flows for the year ended 31 March 2014

	Note	2013/14 £	2012/13 £
<b>Cash flows from operating activities</b>			
Net Income		1,559,551	872,989
Funds received into National Lottery Distribution Fund	5	(8,673,303)	(10,119,758)
Depreciation and Amortisation	9/10	8,344	11,086
Decrease/(Increase) in trade and other receivables	13	743	(13,955)
(Decrease)/Increase in trade and other payables less than one year	15	(1,107,543)	2,815,680
Decrease in other payables greater than one year	16	(167,307)	(232,462)
<b>Net cash outflow from operating activities</b>		<b>(8,379,515)</b>	<b>(6,666,420)</b>
<b>Cash flows from investing activities</b>			
Interest Received		419	-
<b>Net cash Inflow from investing activities</b>		<b>419</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
Draw down from National Lottery Distribution Fund	11a	8,194,027	6,074,442
Olympic Transfer	11a	-	525,414
<b>Net cash inflow from financing activities</b>		<b>8,194,027</b>	<b>6,599,856</b>
<b>Net decrease in cash and cash equivalents in the period</b>	14	<b>(185,069)</b>	<b>(66,564)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	14	<b>260,238</b>	<b>326,802</b>
<b>Cash and cash equivalents at the end of the period</b>	14	<b>75,169</b>	<b>260,238</b>

The notes on pages 36 to 54 form part of these accounts.

## Statement of Changes in Equity for the year ended 31 March 2014

	Note	General Reserve £	Revaluation Reserve £	Total Reserves £
<b>Balance at 1 April 2012</b>		<b>4,310,855</b>	<b>116,964</b>	<b>4,427,819</b>
<b>Changes in Equity for 2012-13</b>				
Transfer between reserves		2,461	(2,461)	-
Net gain on revaluation of property, plant and equipment		-	2,595	2,595
Net gain on revaluation of intangible assets		-	1,322	1,322
Retained Surplus		872,989	-	872,989
<b>Balance at 31 March 2013</b>		<b>5,186,305</b>	<b>118,420</b>	<b>5,304,725</b>
<b>Changes in Equity for 2013-14</b>				
Transfer between reserves	18	1,300	(1,300)	-
Net <sup>(loss)</sup> gain on revaluation of property, plant and equipment		-	(1,252)	(1,252)
Net <sup>(loss)</sup> gain on revaluation of intangible assets		-	(556)	(556)
Retained Surplus		1,559,982	-	1,559,982
<b>Balance at 31 March 2014</b>		<b>6,747,587</b>	<b>115,312</b>	<b>6,862,899</b>

The notes on pages 36 to 54 form part of these accounts.



## Notes to the Accounts

### 1 Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2013/14 Financial Reporting Manual (FRoM) issued by HM Treasury. The accounting policies contained in the FRoM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FRoM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the circumstances of the Sports Council for Northern Ireland Lottery Distribution Accounts for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Sports Council for Northern Ireland Lottery Distribution Accounts are described below. They have been applied consistently in dealing with items that are material to the accounts.

#### 1.1 Accounting Convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment and intangible assets.

#### 1.2 Property Plant & Equipment and Intangible Assets

Non current assets up to 31 March 2009 were capitalised in the Lottery Distribution Accounts at the end of each financial year, on the basis of assets acquired/utilised specifically for lottery activities (see 1.9). The Sports Council for Northern Ireland applied a capitalisation limit of £1,000 to individual items. Items below the £1,000 threshold were charged directly to the Statement of Comprehensive Income.

From 1 April 2009 the non current asset usage was incorporated within a desk charge, which is recharged from Exchequer to Lottery at the end of each financial year.

#### 1.3 Depreciation and Amortisation

Depreciation/amortisation has been provided using the straight line method so as to write off each asset over its estimated useful life. Depreciation/amortisation is charged from the month acquired/coming into use, to the month in which it is disposed.

Assets are depreciated over their useful lives as follows: -

Information Technology (Hardware)	4-9 Years
Office Furniture & Equipment	5 years
Intangible Assets	2-9 Years

#### 1.4 Revaluation of Assets

Non current assets included in the Statement of Financial Position are annually reviewed to ensure that they are stated at fair value. This is carried out through applying indices. Increases in valuations are credited to the Revaluation Reserve. Downward movements are accounted through the revaluation reserve to the extent that there is a credit in that reserve that relates to the revalued asset.

1.5 Impairment of Assets

An impairment review is carried out annually, any loss in value which exceeds the credit in the revaluation reserve is then charged to the Statement of Comprehensive Net Income.

1.6 Pension Costs

The pension cost is recharged from the Sports Council for Northern Ireland Exchequer Accounts, and is charged to the Statement of Comprehensive Net Income.

1.7 Financial Assets - Investments

Balances held in the NLDF remain under the stewardship of the Secretary of State for the Department for Culture, Media and Sport. However, the share of these balances attributable to the Sports Council is as shown in the accounts and, at the year end, has been certified by the Secretary of State for Culture, Media and Sport as being available for distribution by it in respect of current and future commitments.

1.8 Income

All income received, whether Lottery proceeds, grant recovered or other income, is credited to income in the year to which it is receivable.

1.9 Allocation of costs

The apportionment of staffing and indirect costs transferred from the Sports Council for Northern Ireland Exchequer Account to Sports Council Lottery Distribution Account is based on a Service Level Agreement. This is reviewed annually to ensure recharges are appropriate and reflect the time which staff spend on lottery activities and the proportion of indirect costs which relate to lottery activities.

1.10 Grant Commitments

The following are the two types of grant commitments:

1. A soft commitment occurs when there is agreement in principle by Sports Council to fund a scheme and a formal offer made to the applicant body.
2. A hard commitment is analogous to a commitment arising from a legally binding contract.

A soft commitment (disclosure note only) changes to a hard commitment as soon as the applicant returns a signed copy of the contract offer having complied with any special conditions incorporated in the contract.

Hard commitments are recognised in the Statement of Comprehensive Net Income and Statement of Financial Position.

1.11 Operating Lease

Operating lease rentals are charged to the Statement of Comprehensive Net Income in equal annual amounts over the lease term.

The rent of land and buildings is an on going agreement with Sports Council for Northern Ireland Exchequer Account who hold the operating lease in respect of the land and buildings in which the Lottery Fund resides.

1.12 Taxation

The Lottery Distribution Account incurs corporation tax on bank interest earned.

1.13 Financial Instruments

Sports Council has adopted IAS 39. There has been no impact on the net assets of the organisation as a result of this. Note 11 provides appropriate disclosures regarding Financial Instruments on the Lottery Fund Accounts.

*Investments*

Investments are held by DCMS on behalf of Sports Council and are available for sale. These are reflected at market value which equate to fair value.

*Loans and Receivables*

Receivables, Cash and Cash Equivalents are classified as 'loans and receivables', in accordance with IAS 39, and are initially measured at fair value and subsequently measured at amortised cost using the effective interest method less any impairment.

- Receivables do not carry any interest and are recognised at their recoverable amount, which equates to their fair value.
- Cash held in the bank is a liquid resource. The carrying value of the asset approximates to fair value.

Cash equivalents are short term, highly liquid investments that are readily convertible to cash and are subject to a low risk of changes in value.

Payables & Grant Commitments are classified as 'loans and receivables', in accordance with IAS 39, and are initially measured at fair value, net of transaction costs, and subsequently measured at amortised cost using the effective interest method.

- Payables are not interest bearing and are stated at their nominal value, which equates to their fair value.
- Grant commitments are stated as per the value of the award made to the applicant, this equates to fair value.

#### 1.14 Employee Benefits

Under the requirements of IAS 19 Employee Benefits, staff costs must be recorded as an expense as soon as the Sports Council is obligated to pay them. This includes the cost of any annual and flexi leave entitlements that have been earned at the year end but not yet taken. The cost of untaken annual and flexi leave has been determined by using actual salary costs and the data from staff leave returns at 31 March. It is not anticipated that the level of untaken leave will vary significantly from year to year.

#### 1.15 Estimation Techniques Used and Key Judgements

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Sports Council's accounting policies. We continually evaluate our estimates, assumptions and judgements based on available information and experience. As the use of estimates is inherent in financial reporting, actual results could differ from these estimates. The estimates and assumptions which have the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below:

- Depreciation of property, plant and equipment, and amortisation of intangible assets.

Depreciation and amortisation is provided in the accounts so as to write-down the respective assets to their residual values over their expected useful lives and as such the selection of the estimate useful lives and the expected residual values of the assets requires the use of estimates and judgements. Details of the estimated useful lives are shown in note 1.3.

#### 1.16 Going Concern

These accounts have been prepared on a going concern basis. The National Lottery Distribution Fund currently holds £13.270m on behalf of Sports Council and current projections identify additional income per annum of approximately £9m-£10m.

#### 1.17 Standards, Amendments and Interpretations that are not yet effective and have not been adopted early, but are applicable to Sports Council for Northern Ireland

The IASB have issued new and amended standards (IFRS 10, IFRS 11 & IFRS 12) that affect the consolidation and reporting of subsidiaries, associates and joint ventures. These standards have an effective date of January 2014.

IFRS 13 has an effective date of January 2013. The application of this IFRS is subject to further review by HM Treasury and the other Relevant Authorities following the consultation which took place in 2013.

Accounting boundary IFRS are currently adapted in the FReM so that the Westminster departmental accounting boundary is based on ONS control criteria, as designated by Treasury. A review of the NI financial process is currently under discussion with the Executive, which will bring NI departments under the same adaptation. Should this go ahead, the impact on departments is expected to focus around the disclosure requirements under IFRS 12. The impact on the consolidation boundary of NDPB's and trading funds will be subject to review, in particular, where control could be determined to exist due to exposure to variable returns (IFRS 10), and where joint arrangements need reassessing.

**2. Segmental Reporting**

In line with IFRS 8, Sports Council does not have any segmental data to disclose. The Members of the Sports Council review the financial performance on a bi-monthly basis, based on similar information contained within the Statement of Comprehensive Income of the financial statements.

**3. Staff Numbers and Related Costs**

	<b>2013/14</b>	<b>2012/13</b>
	<b>£</b>	<b>£</b>
Salaries & Wages	379,306	251,489
Social Security Costs	24,757	17,596
Other Pension Costs	73,497	47,350
Temporary Staff	-	6,432
<b>Total Staff Costs</b>	<b>477,560</b>	<b>322,867</b>

The average number of full-time equivalent persons employed by the Sports Council and deployed on Lottery duties during the period from April 2013 to March 2014 was 12 (2012/13: 8). All staff costs and full time equivalent persons are classified as other staff. There are no ministerial/special adviser costs or permanently employed staff of the Lottery Account.

Under terms and conditions of service, staff are entitled to an issue of luncheon vouchers to the approximate value of 70p per day. The entitlement for full time staff is 55 vouchers per quarter issued quarterly in advance. Part time staff are entitled to luncheon vouchers on a pro rata basis to the full time equivalent. Luncheon vouchers are accounted for through the Exchequer Accounts and no costs recharged to Lottery.

**Pension Scheme**

The Sports Council participates in the Northern Ireland Local Government Officers' Superannuation Committee Scheme (the NILGOSC scheme). The NILGOSC scheme is part of the Local Government Pension Scheme (LGPS) and is a multi-employer, defined benefit scheme.

All assets, liabilities and operating costs relating to the pension scheme are processed through the Sports Council Exchequer Accounts. A recharge is made to the Sports Council Lottery Distribution Accounts for any pension costs incurred on its behalf.

Details of the pension scheme are available within the Sports Council Exchequer Accounts.

There have been no payments for civil service and other compensation schemes.



**4 Expenditure****4a Other Expenditure**

	<b>Total 2013/14 £</b>	<b>Direct 2013/14 £</b>	<b>Recharge 2013/14 £</b>	<b>Total 2012/13 £</b>
<b>Operating Costs</b>				
SCNI Overhead Charge	174,690	-	174,690	204,586
Publicity	66,987	20,645	46,342	77,768
External Audit Fee	27,000	27,000	-	27,000
Repairs and Maintenance	17,886	17,886	-	
Publication, Printing, Stationery & IT	9,965	9,965	-	851
Professional Fees	8,367	8,367	-	6,766
Courses & Conferences	7,057	7,057	-	19,478
Travel & Subsistence	5,471	-	5,471	3,568
Research & Evaluation	5,000	5,000	-	12,468
<b>Total Operating Costs</b>	<b>322,423</b>	<b>95,920</b>	<b>226,503</b>	<b>352,485</b>

Of the above total for 2013/14 £226,503 (2012/13: £260,529) was initially incurred by the Sports Council's grant-in-aid account and recharged to the Lottery Distribution Account.

**4b Grant Commitments**

	<b>2013/14 £</b>	<b>2012/13 £</b>
<b>Grant Costs</b>		
New Lottery Grants Made	6,499,261	9,041,507
Hard De-Commitments	(187,600)	(978,680)
Transfer to 2012 Olympics	-	525,414
<b>Total Grant Costs</b>	<b>6,311,661</b>	<b>8,588,241</b>

**5 Income from Activities**

	<b>2013/14 £</b>	<b>2012/13 £</b>
Proceeds from National Lottery	8,632,958	10,065,904
Investment Income	40,345	53,854
<b>Total</b>	<b>8,673,303</b>	<b>10,119,758</b>

**6 Other Income**

	<b>2013/14 £</b>	<b>2012/13 £</b>
Recovery of Grant	6,236	27,910
<b>Total</b>	<b>6,236</b>	<b>27,910</b>

Sports Council for Northern Ireland Lottery Distribution Account 2013-14

<b>7</b>	<b>Interest Received</b>		
		<b>2013/14</b>	<b>2012/13</b>
		£	£
	Interest on Clawbacks	539	-
	<b>Total</b>	<u>539</u>	<u>-</u>
<b>8</b>	<b>Corporation Tax</b>		
		<b>2013/14</b>	<b>2012/13</b>
		£	£
	Tax	108	-
	<b>Total</b>	<u>108</u>	<u>-</u>

**9a Property, Plant and Equipment**

	<b>Information Technology</b>
	£
<b>Cost or valuation</b>	
At 1 April 2013	72,084
Additions	-
Revaluation	(3,507)
At 31 March 2014	<u>68,577</u>
<b>Depreciation</b>	
At 1 April 2013	57,256
Charge for the Year	5,726
Revaluation	(2,255)
At 31 March 2014	<u>60,727</u>
<b>Carrying Amount at</b>	
At 31 March 2014	<u>7,850</u>
At 31 March 2013	<u>14,828</u>
<b>Asset financing:</b>	
Owned	7,850
<b>Carrying amount at 31 March 2014</b>	<u>7,850</u>

9b Property, Plant and Equipment cont..

	<b>Information Technology</b>
	<b>£</b>
<b>Cost or valuation</b>	
At 1 April 2012	68,255
Additions	-
Revaluation	5,296
Disposals	(1,467)
At 31 March 2013	<u>72,084</u>
 <b>Depreciation</b>	
At 1 April 2012	49,306
Charge for the Year	6,716
Revaluation	2,701
Disposals	(1,467)
At 31 March 2013	<u>57,256</u>
 <b>Carrying Amount at</b>	
At 31 March 2013	<u>14,828</u>
 At 31 March 2012	<u>18,949</u>
 <b>Asset financing:</b>	
Owned	14,828
<b>Carrying Amount at 31 March 2013</b>	<u>14,828</u>


 Northern Audit Office

**10a Intangible Assets**

	<b>Information Technology</b>
	<b>£</b>
<b>Cost</b>	
At 1 April 2013	63,922
Additions	-
Revaluation	(1,590)
At 31 March 2014	<u>62,332</u>
 <b>Amortisation</b>	
At 1 April 2013	57,331
Charge for the Year	2,618
Revaluation	(1,034)
At 31 March 2014	<u>58,915</u>
 <b>Carrying Amount at</b>	
At 31 March 2014	<u>3,417</u>
 At 31 March 2013	<u>6,591</u>
 <b>Asset financing:</b>	
Owned	3,417
<b>Carrying amount at 31 March 2014</b>	<u><b>3,417</b></u>

**10b Intangible Assets cont..**

	<b>Information Technology</b>
	<b>£</b>
<b>Cost</b>	
At 1 April 2012	60,810
Additions	-
Revaluation	3,112
Disposals	-
At 31 March 2013	<u>63,922</u>
 <b>Amortisation</b>	
At 1 April 2012	51,171
Charge for the Year	4,370
Revaluation	1,790
Disposals	-
At 31 March 2013	<u>57,331</u>
 <b>Carrying Amount at</b>	
At 31 March 2013	<u>6,591</u>
 At 31 March 2012	<u>9,639</u>
 <b>Asset financing:</b>	
Owned	6,591
<b>Carrying amount at 31 March 2013</b>	<u><b>6,591</b></u>

**11 Financial Assets**

**11a Balances Held in NLDF**

	2013/14	2012/13
	£	£
Proceeds from Lottery	8,632,958	10,065,904
Investment Income	40,345	53,854
Drawn Down in Year	(8,194,027)	(6,074,442)
<b>Decrease in Funds</b>	<b>479,276</b>	<b>4,045,316</b>
Olympic Transfer	-	(525,414)
Balance at 1 April	12,790,929	9,271,027
<b>Balance at 31 March</b>	<b>13,270,205</b>	<b>12,790,929</b>

The funds held in the NLDF are invested on its behalf by the National Investment and Loans Office. The above balances are based on the distribution of National Lottery funds set out in the National Lottery Act as amended. Interest earned on the sums invested is apportioned to each of the 12 Lottery Distributors on the basis of their percentage of the total remaining NLDF Funds at the time the interest is received. The market value of investments held by the NLDF on behalf of the Sports Council's Lottery Distribution Account at 31 March 2014 was £13,270,205 (2012/13: £12,790,929).

**11b NLDF Balance Policy**

In August 2003 DCMS issued 'National Lottery Guidance Note 1/03: Management of NLDF Balances'. This guidance note proposes that each Lottery Distributor should have an NLDF balance policy and should publish a statement on its policy in its Annual Report and Accounts. This should include a target for the size of its NLDF balance based on an assessment of needs over the next three financial years.

The following is the policy as approved by the Sports Council:

The Sports Council aims to keep NLDF balances at a prudent level that will maximise its ability to achieve its strategic objectives, and to ensure the speedy progress of existing and future commitments. In setting its target balances the Sports Council will seek to ensure that it neither compromise existing commitments nor unreasonably constrain its ability to make future commitments.

In February 2013 Sports Council agreed that the NLDF target balance should be as follows:

- by 31 March 2014 to achieve a NLDF balance of £11.832m;
- by 31 March 2015 to achieve a NLDF balance of £9.056m;
- by 31 March 2016 to achieve a NLDF balance of £4.483m;
- by 31 March 2017 to achieve a NLDF balance of £0.913m; and
- by 31 March 2018 to achieve a NLDF balance of £0.325m.

At 31 March 2014 the Sport Council NLDF balance was £13.270m. The target for year was not achieved as a result of a delay in launching a number of programmes.



**12 Financial Instruments:**

Sports Council's Lottery Fund financial instruments comprise of cash liquid resources; investments held in the National Lottery Fund Distribution Account; receivables, trade payables; and grant commitments to applicants which arise directly from Sports Council's operations. The main purpose of these financial instruments is to provide finance for the operations of Sports Council. There are currently no borrowings or embedded derivatives.

*Liquidity Risks*

In 2013/14 £8.6 million (99.5%) of the Sports Council's Lottery Fund's income was derived from the National Lottery. The remaining income is derived from investment returns from the balance held with the NLDF £0.040 million (0.4%) and from Sundry Income £0.006 million (0.1%). The Sports Council consider that the Fund is not exposed to significant liquidity risks; and it is satisfied that sufficient liquid resources are held within the NLDF Investment and in the bank of £13.345 million to cover all current contracted commitments of £6.507 million.

*Interest Rate Risks*

The financial assets of the Fund are invested in the NLDF, which invests in a narrow band of low risk assets such as government bonds and cash. The Sports Council has no control over the investment of Funds in the NLDF. At the 31 March 2014 the Market Value of investment in the NLDF was £13.270 million. In the year the average return on these investments was 0.50%. Cash balances which are drawn down from the Fund to pay grant commitments and operating costs were held in an non-interest bearing current account, as it is part of the northern Ireland government pooling agreement. The cash balance at the year-end was £0.075 million. The Sports Council consider that the Fund is not exposed to significant interest rate risks.

*Foreign Currency Risk*

The Fund is not exposed to any foreign exchange risks.

*Commodity Risk*

The Fund is not exposed to any commodity risks.

*Credit Risk*

The Fund is not exposed to any credit risk.

**13 (a) Trade and Other Receivables****Amounts falling due within one year:**

	2013/14	2012/13
	£	£
Grant Clawback	13,212	13,955
Interest on Clawback	120	-
	<u>13,332</u>	<u>13,955</u>

**13 (b) Intra-Government Receivable Balances**

	2013/14	2012/13
	£	£
Balances with central government	-	-
Balances with local authorities	-	-
Balances with other government organisations	-	-
Balances with bodies external to government	13,332	13,955
	<u>13,332</u>	<u>13,955</u>

**14 Cash and Cash Equivalents**

	2013/14 £	2012/13 £
Balance at 1 April	260,238	326,802
Net change in cash and cash equivalent balance	(185,069)	(66,564)
Balance at 31 March	<u>75,169</u>	<u>260,238</u>

The cash and cash equivalents balances are denominated in Sterling. For the purposes of the Cash Flow Statement, cash and cash equivalents comprise of the following balance at the 31 March:

Commercial banks	<u>75,169</u>	<u>260,238</u>
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**15 Current Liabilities**

15 (a) Amounts falling due within one year:	2013/14 £	2012/13 £
<b>Trade and other payables</b>		
Corporation Tax Payable	108	-
Trade Payables	47,227	37,722
Amount Owed to SCNI	169,422	141,792
<b>Total Trade and Other Payables</b>	<u>216,757</u>	<u>179,514</u>
Grant Commitments	6,193,086	7,337,764
<b>Total current liabilities</b>	<u>6,409,843</u>	<u>7,517,278</u>

**15 (b) Intra-Government Payable Balances Less Than One Year**

	2013/14 £	2012/13 £
Balances with central government	108	-
Balances with local authorities	4,451,231	4,061,596
Balances with other government organisations	643,790	2,597,208
Balances with bodies external to government	1,314,714	858,474
	<u>6,409,843</u>	<u>7,517,278</u>

16. Non-current Liabilities

	2013/14	2012/13
	£	£
16 (a) Amounts falling due after more than one year:		
Grant Commitments	97,231	264,538
	<u>97,231</u>	<u>264,538</u>

16 (b) Intra-Government Payable Greater Than One Year Balances

	2013/14	2012/13
	£	£
Balances with local authorities	37,083	39,583
Balances with other government organisations	-	-
Balances with bodies external to government	60,148	224,955
	<u>97,231</u>	<u>264,538</u>

17 Grant Commitments

17 (a) Hard Commitments

	2013/14	2012/13
	£	£
Hard Commitments Brought Forward	7,602,302	4,966,202
Hard Commitments Met in the Year	(7,623,646)	(5,426,727)
Hard De-Commitments	(187,600)	(978,680)
Hard Commitments Made	6,499,261	9,041,507
<b>Balance of Hard Commitments Outstanding Carried Forward</b>	<b><u>6,290,317</u></b>	<b><u>7,602,302</u></b>

Profile of Hard Commitments

	2013/14	2012/13
	£	£
Payable in 2013/2014	-	7,337,764
Payable in 2014/2015	6,193,086	187,454
Payable in 2015/2016	82,583	65,084
Payable in 2016/2017	14,648	12,000
	<u>6,290,317</u>	<u>7,602,302</u>

There are no commitments expected to be payable after 2016/2017.

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Disclosure of Hard Commitments	Note	2013/14 £	2012/13 £
Due Less Than One Year	15	6,193,086	7,337,764
Due Greater Than One Year	16	<u>97,231</u>	<u>264,538</u>
<b>Total Hard Commitments</b>		<b><u>6,290,317</u></b>	<b><u>7,602,302</u></b>

**Soft Commitments**

	2013/14 £	2012/13 £
Soft Commitments Brought Forward	1,346,595	9,717,025
Soft Commitments Transferred to Hard Commitments	(6,499,261)	(9,041,507)
Soft De-Commitments	-	(13,222)
Soft Commitments Made	<u>14,512,666</u>	<u>684,299</u>
<b>Balance of Soft Commitments Outstanding Carried Forward</b>	<b><u>9,360,000</u></b>	<b><u>1,346,595</u></b>

**17 (b) Analysis of Grant Payments**

	2013/14 £	2012/13 £
Public Sector Bodies	4,806,506	2,142,451
Private Sector Bodies	<u>2,817,140</u>	<u>3,284,276</u>
<b>Total Grant Payments</b>	<b><u>7,623,646</u></b>	<b><u>5,426,727</u></b>

**18 Analysis of the Revaluation Reserves**

	Note	NLDF Investment £	Non Current Assets £	Total Revaluation Reserve £
Balance at 31 March 2013		113,512	4,908	118,420
Net Loss on revaluation of Non-Current Assets	9/10	-	(1,808)	(1,808)
Realised Element		-	(1,300)	(1,300)
<b>Balance at 31 March 2014</b>		<b><u>113,512</u></b>	<b><u>1,800</u></b>	<b><u>115,312</u></b>

**19 Commitments Under Leases**

The rent of land and buildings is an on going agreement with Sports Council for Northern Ireland Exchequer Account, who hold the operating lease in respect of the land and buildings in which the Lottery Fund resides. The following are the rental amounts incurred:

	<b>2013/14</b>	<b>2012/13</b>
	<b>£</b>	<b>£</b>
Total Rent Recharge	<u>10,800</u>	<u>10,800</u>

**20 Related Party Transactions**

Several members of the Sports Council, its Committees and staff are also involved with suppliers or other sports organisations in Northern Ireland either directly or indirectly as a result of a family relationship, a close friendship or business relationship. These individuals make an annual declaration of their interests and do not take part in discussions and decisions to make commitments to those organisations with which they have had a declared interest. A list of the commitments made to the organisations concerned and details of who made the declaration of interest is shown below. All of the transactions relating to the organisations were conducted at arms length by the Sports Council.

Council Member	Grantee	Commitments to Grantee £	Relationship of Council Member to Grantee
Paul Cummings	Rowing Ireland	5,000	Person Connected – Subscribing Member – Current
Roisin Mallon	Athletics Northern Ireland	5,000	Person Connected – Subscribing Member – Current
Danny O'Connor	Basketball NI	5,000	Honorary Member/Commissioner – Current



Staff Member	Grantee	Commitments to Grantee £	Relationship of Staff Member to Grantee
Diarmaid McAuley	Netball Northern Ireland	5,000	Person Connected – Salaried Employee – Current
Maxine Banford	Cycling Ireland	240,000	Subscribing Member – Current
Ali Campbell	Athletics Northern Ireland	5,000	UK Level 3 Coach – Current
	Ulster Hockey Union	5,000	Subscribing Member – Current
			Person Connected – Subscribing Member – Current
William Devlin	British Gymnastics	5,000	Person Connected – Subscribing Member – Current
Trevor Fisher	Canoe Association of Northern Ireland	5,000	Subscribing Member – Current
	Royal Yachting Association	5,000	Subscribing Member – Current
Oisin Hallissey	Canoe Association of Northern Ireland	5,000	Subscribing Member – Current
Nick Harkness	Golfing Union of Ireland	15,000	Person Connected – Subscribing Member – Current
Liam Hinphey	North Down Borough Council	115,074	Salaried Employee – Former
Noleen Lennon	Netball Northern Ireland	5,000	Subscribing Member – Current
Mike McClure	Canoe Association of Northern Ireland	5,000	Subscribing Member – Current
Stephen Millar	Canoe Association of Northern Ireland	5,000	Subscribing Member – Current

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Staff Member	Grantee	Commitments to Grantee £	Relationship of Staff Member to Grantee
John News	Cycling Ireland	240,000	Subscribing Member – Current
Shaun Ogle	Cycling Ireland	240,000	Subscribing Member – Current
Kieran O’Hara	Canoe Association of Northern Ireland	5,000	Subscribing Member – Current
Jill Poots	Golfing Union of Ireland	15,000	Person Connected – Subscribing Member – Current
	Ulster Hockey Union	5,000	Person Connected – Subscribing Member – Current
Paul Scott	Athletics Northern Ireland	5,000	Member of affiliated club – Current
	Belfast City Council	350,249	Consultancy work for events section – Approx. 8 days per annum
David Smyth	Ulster Hockey Union	5,000	Subscribing Member (Volunteer Coach) – Current
Laura Strong	UB Table Tennis Association	5,000	Person Connected – Subscribing Member – Current
Simon Toole	Ulster Hockey Union	5,000	Coach/Tutor
Mark Watters	Golfing Union of Ireland	15,000	Subscribing Member – Current
			Person Connected – Subscribing Member – Current

**Other related parties include:**

The Sports Council for Northern Ireland is funded by the Department of Culture Arts and Leisure. The Department is regarded as a related party.

The Sports Council for Northern Ireland owns 50% of the Sports Institute Northern Ireland via a joint venture with the University of Ulster. The Sports Institute Northern Ireland and University of Ulster are both regarded as related parties. Sports Council for Northern Ireland Council Members who currently reside as Directors on the Board of Sports Institute Northern Ireland are as follows:

- Shane McCullough;
- Gerard Campbell;
- Paul Cummings – appointed 24 July 2013;
- Danny O'Connor – resigned 30 June 2013; and
- Olive Brown – resigned 11 October 2013.

Sports Council for Northern Ireland employs the following staff who hold positions at the Sports Institute Northern Ireland:

- Shaun Ogle (Executive Director); and
- Ian Weir (Business Manager).

In addition, staff within Sports Council carrying out functions on behalf of the Sports Institute include:

- Robin Gregg (Talent Systems Manager).

A percentage of these employees time is recharged to the Sports Institute Northern Ireland through a service level agreement.

The Lottery Account operations of the Sports Council for Northern Ireland are funded from the National Lottery Fund through the Department of Culture, Media and Sport. The Department is regarded as a related party.

In addition, Lottery grants were paid during the year to a number of organisations in which Council Members declared an interest. Having declared an interest Council Members are required to leave the meeting while the relevant application is discussed and a decision made.

**21 Other Commitments**

There were no capital or other commitments as at 31 March 2014.

**22 Contingent Liabilities**

There were no contingent liabilities as at 31 March 2014.

**23 Losses and Special Payments**

There were no losses or special payments during the year which required disclosure in the accounts (2012/13: NIL).

**24 Events After the Reporting Period**

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

The Annual Report and Accounts were authorised by the Accounting Officer to be issued on the date they were certified by the Comptroller and Auditor General.

## APPENDIX A

### LOTTERY POLICY DIRECTIONS

#### SPORTS COUNCIL FOR NORTHERN IRELAND

The Department of Culture, Arts and Leisure, on behalf of the Department of Culture, Media and Sport, in exercise of the powers conferred by section 26(1) of the National Lottery etc. Act 1993 and having consulted the Sports Council for Northern Ireland (Sports Council for Northern Ireland) pursuant to section 26(5) of that Act, hereby gives the following directions:

1. In these Directions any reference to a section is a reference to a section of the National Lottery etc Act 1993.
2. In determining the persons to whom, the purposes for which and the conditions subject to which it distributes any money under section 25(1), Sports Council for Northern Ireland shall take into account the following matters:-
  - A. Its assessment of the needs of sport and its priorities for addressing them (having regard to government strategies/policies in force).
  - B. The need to inspire children and young people, awakening their interest and involvement in sport.
  - C. The need to foster local community initiatives which bring people together, enrich the public realm and strengthen community spirit.
  - D. The need to support volunteering and encourage volunteering in sport.
  - E. The need to encourage new talent, innovation, and excellence and help people to develop new skills.
  - F. The need to involve the public and local communities in making policies and setting policies and setting priorities.
  - G. The need to ensure that money is distributed for projects which promote public good rather than private gain.
  - H. The need to further the objective of sustainable development.
  - I. The need to ensure that all those receiving Lottery money acknowledge it using the common Lottery branding.
  - J. The need to require an element of partnership funding, or contributions in kind from other sources, to the extent that this reasonable to achieve for different kinds of applicants.
  - K. The desirability of:
    - (a) increasing access and participation for all;
    - (b) ensuring that all areas have access to funding; and
    - (c) reducing economic and social deprivation.
  - L. The desirability of working jointly with other organization, including other distributors.



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M. The need:

- (a) to set time limits for which grants are payable;
- (b) to ensure that Sports Council for Northern Ireland has the necessary information and expert advice to make decisions on each application; and
- (c) for applicants to demonstrate the financial viability of projects.

N. Where capital funding is sought, the need:

- (a) for a clear business plan showing how any running and maintenance costs will be met for a reasonable period; and
- (b) to ensure that appraisal and management for major projects match the Office of Government Commerce's Gateway Review standards.

O. The need to ensure that its powers to solicit applications under section 25 (2A) are used in connection with the pursuit of strategic objectives.

Signed on behalf of the Department of Culture, Arts and Leisure:

**PAUL SWEENEY**  
**Permanent Secretary**

**16 April 2008**