

**Sports Council for Northern Ireland
Lottery Distribution Account
for the Year Ended
31 March 2016**

Sports Council for Northern Ireland Lottery Distribution Account for the Year Ended 31 March 2016

Presented to Parliament pursuant to C.39, Section 35(5) of the National Lottery etc. Act 1993
(as amended by the National Lottery Act 1998)

Ordered by the House of Commons to be printed on 14 September 2023



© Crown copyright 2023

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated.

To view this licence, visit nationalarchives.gov.uk/doc/open-government-licence/version/3.

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available at: www.gov.uk/official-documents.

Any enquiries regarding this publication should be sent to us at <http://www.sportni.net/lottery-accounts/>

ISBN: 978-1-915287-26-7

Contents

	Page
Performance Report:	2
• Overview	2
- Chairman's Foreword	2
- Chief Executive's Introduction	3
- Strategic Report	4
• Performance Analysis	6
Accountability Report:	10
• Corporate Governance Report	10
- Directors' Report	10
- Statement of the Council's and Accounting Officer's Responsibilities	13
- Governance Statement	14
• Remuneration and Staff Report	26
• Parliamentary Accountability and Audit Report	35
- Parliamentary Disclosure Notes	35
- The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament	36
Financial Statements:	
• Statement of Comprehensive Net Income	40
• Statement of Financial Position	41
• Statement of Cash Flows	42
• Statement of Changes in Taxpayers' Equity	43
• Notes to the Accounts	44
Appendix A – Lottery Policy Directions	56

PERFORMANCE REPORT

This Performance Report focuses on matters relevant to all users of financial statements. Although it is designed to be a self-standing document, much of the information contained in it is simply a summary of information provided in other documents and is therefore cross referenced as appropriate.

Overview

Chairman's Foreword

I am delighted to introduce the 2015-16 Annual Report for Sports Council for Northern Ireland (hereafter Sports Council). This Annual Report is testament not only to the progress achieved by Sports Council and its staff, but also to the strength of the partnerships which have been built over the years. The achievements highlighted in this document tell the story of what these partnerships are accomplishing.

As a Lottery distributor, Sports Council is responsible for the administration and distribution of Lottery funds to sport in Northern Ireland.

National Lottery funding is integral to the delivery of the Sports Council's Corporate Plan. Sports Council's capacity to support a broad range of sports related interventions is dependent upon a combination of Exchequer and National Lottery resources. With funding from the NI Executive forecasted to continue falling, there will be increasing reliance placed upon Lottery Funding to support the significant role played by sport in delivering improved wellbeing for all our citizens.

Championing the value of sport and demonstrating that 'Sport Matters' is a key focus for Sports Council. Sport often demonstrates its contribution to other areas of life in Northern Ireland, such as health, social and economic development, education, community development and addressing social disadvantage. While these benefits are highly valued, we also get passionate about sport because of the enjoyment and sense of achievement that participation can bring to anyone, regardless of age, income, background, or level of ability. In short, sport is a very positive force.

Sport during 2015-16 has provided inspirational moments, with local athletes excelling on the international and world stage. These include Michael Conlan at the AIBA World Elite Boxing Championships and the EUBC Elite European Championships, Kirsty Barr at the ISSF World Championships, Michael McKillop and Jason Smyth at the IPC World Championships, Team Ireland at the Special Olympics World Summer Games in LA and, of course, the Northern Ireland Football Team competing in the Euro 2016 Finals - a huge achievement for the squad and the country.

Internally the organisation faced a number of challenges in relation to performance, governance and leadership; decisions taken by the Board during the 2014-15 period materialised as considerable risk in consequent years resulting in a separate Northern Ireland Audit Office report published in 2020. The Board is committed to learning from findings of this report and to implementing its recommendations.

Following an extensive reorganisation of the departmental system, Sports Council from May 2016 moved to the remit of the new Department for Communities. Sports Council will continue the journey to achieve the Vision - **'Northern Ireland: renowned as a place where people enjoy, engage, and excel in sport'**.

I would like to pay tribute to the Board who have given their time so readily on behalf of sport. I also wish to thank the staff at Sports Council whose commitment, dedication and considerable ability led to the achievement of our goals in 2015-16, despite the organisational challenges faced.



George Lucas
Chairman
Sports Council for Northern Ireland

Date: 04 September 2023

Chief Executive's Introduction

Sport has always been a major driving force in our communities over many years. Sport provides a solid platform on which to develop strong, cohesive communities, and nurture home grown athletes who bring pride to the entire community.

National Lottery funding makes an essential contribution to the betterment of lives in Northern Ireland through sport and by ensuring that all citizens have an opportunity to access and enjoy the many benefits associated with sport and physical recreation. During 2015-16, Lottery funding enabled Sports Council to support athletes and sporting organisations in the pursuit of the fullness of their potential as well as providing the resources to take forward specific funding initiatives that address areas of identified need.

Sports development is central to everything we aim to achieve, whether this is through **sporting communities, sporting clubs or sporting winners**.

2016 saw the launch of Sports Council's new initiatives 'Every Body Active 2020'; 'Sporting Clubs and Winners'. The Euro Finals and the Rio Olympic and Paralympic Games in 2016-17 have seen many of our home-grown athletes compete for medal success. Our focus remains unchanged - **more participants and winners in sport**.

In our vital role of developing more participants and more winners, we recognise the wider contribution which sport brings to building Northern Ireland society; to the promotion of equality; tackling poverty; and social exclusion. We also recognise our social responsibilities to enable everyone who calls Northern Ireland home to enjoy, engage and excel at sport.

With funding from the NI Executive continuing to reduce, National Lottery funding for sport is becoming ever more critical. The increasing reliance placed on the National Lottery resources is reflected in Sports Council's ability to create and support value adding opportunities that are critical to delivering increased wellbeing and success.

Sports Council recognises our responsibility to deliver sport within a robust framework of governance, value for money and public accountability. There are some key learnings during this year which the organisation continues to work to address so that we are seen as a trusted and effective leader. We are committed to continuous improvements and organisational growth.

We are also grateful to all those organisations and individuals who have worked in partnership with Sports Council to further the development of sport. Acknowledgement to all those involved in the ongoing delivery of sport in this region - coaches, athletes, participants, officials, administrators, volunteers, and teachers. Sport is always a team effort and everyone should be commended for their ongoing commitment and dedication to making sport an integral part of our culture.



Richard Archibald
Interim Chief Executive
Sports Council for Northern Ireland

Date: 04 September 2023

Strategic 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 objective 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.

Financial Accounts

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 (now the ‘National Lottery Community 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).

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 Sports Council received a reduced contribution of 2.6% as a top sliced contribution of 0.2% became payable to UK Sport in respect of the United Kingdom wide World Class Performance Programme for elite athletes.

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 the Lottery Accounts Direction issued by the Department for Communities (formerly the Department for Culture, Arts and Leisure)¹, on behalf of the Department for Culture, Media and Sport (DCMS). Revised Lottery Policy Directions were issued to Sports Council on 16 April 2008. From 16 April 2008 onwards, Sports Council has observed the requirements of these revised directions when distributing funds from the National Lottery.

Funding

Sports Council lottery activity is funded by the National Lottery Distribution Fund (NLDF). Relevant costs are initially incurred by Sports Exchequer triggering a recharge to the Lottery accounts which are subsequently settled by NLDF funds.

Lottery Distributor

The Minister for the Department of Culture, Media and Sport (DCMS) appointed Sports Council as a Lottery distributor in 1994. Lottery funds are accounted for separately in Sports Council for Northern Ireland Lottery Distribution Account (referred to as Lottery Account).

Principal Functions related to National Lottery Distribution Activities

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 the Department for Communities. 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 Sports Council prepares and adopts a strategic plan for the distribution of its share of Lottery income. Sports Council agreed Corporate Plan covering the period 2015–2020. This outlined how Sports Council planned to allocate its share of Lottery funding during these five years. The plan also set out Sports Council’s priorities, activities, targets and programmes during this period.

¹ It was announced in 2015-16 that the former Department of Culture, Arts and Leisure (DCAL) would amalgamate with the former Department for Social Development (DSD), and some functions of other government departments to form the new Department for Communities (DfC), effective from 9 May 2016.

Principal Risks and Uncertainties

Sports Council had an agreed Corporate Plan for 2015-20 which set out strategic objectives and activities for the period and a current Plan covering the period 2020-2025. The corporate plan was developed to ensure the cost of key programmes and activities forecasted would have adequate funds available over the planning period and to avoid any over-commitments in the Lottery Account. Sports Council continues to review its budgets to identify efficiencies and provide plans to make savings if requested by the Department for Communities.

The nature of Sports Council activities creates an interdependency between funding sources. Lottery receipts can be subject to fluctuation, but at this time are less vulnerable than Exchequer budgets. Sports Council carried out a significant review of budgets in 2011-12 for the financial years 2011 to 2015 based on indicative funding forecasts from the Department of Culture, Arts and Leisure and also developed and agreed a Savings Delivery Plan. A corporate plan was also developed and the cost of key programmes and activities forecasted to ensure that there were adequate funds available over the planning period.

Decisions taken by the Sports Council during the 2014-15 year resulted in risks materialising in subsequent years that had a significant impact on the reputation and operation of the organisation. These risks, as set out below, are detailed in the Annual Governance Statement, with the actions taken mitigating their impact on Sports Council:

- Absence of Chief Executive;
- Review undertaken by the Department for Communities Head of Internal Audit;
- Interim Executive Leadership Team Report and Transformation Programme
- Board Resignations; and
- Delay in the publication of annual accounts.

NLDF Balance Policy

In August 2003, the then Department for Culture, Media and Sport 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. Sports Council's NLDF policy is included within the accounts at note 11(b).

Going Concern

The financial statements are produced on the Going Concern Basis. Going concern was re-assessed and approved by the Board at its meeting on 17 May 2023. As at the date of signing the Annual Report and Accounts, Sports Council is not aware of any reason to adopt a different basis.

Future Developments in National Lottery Distribution Activities

In 2015-16, Sports Council continued to offer a range of capital and revenue programmes. The 'Every Body Active 2020' programme was a new investment area into local councils, aiming to "increase quality opportunities for targeted groups to develop and sustain participation in sport across key life-course transitions." During 2016-17, Sports Council focused on a new programme called 'Sporting Clubs and Winners', as well as other themes under 'Every Body Active 2020'.

Performance Analysis

Financial Results

Sports Council's Lottery Account results are set out in the Statement of Comprehensive Income. Total proceeds and investment income received from the National Lottery totalled £10,042,099 (2014-15: £10,190,392). During the year Sports Council made awards of £3,740,833 (2014-15: £5,633,400). A total of £7,059,188 (2014-15: £7,164,849) was paid to grant applicants. The total administrative costs of Sports Council's Lottery distribution activities, including staff costs but excluding non-cash costs and following a review of the staff time and related costs attributable to National Lottery activities, was £1,657,955 (2014-15: £1,232,593). This represented approximately 16.5% (2014-15: 12.1%) of the total National Lottery proceeds received in the year. The increase in administration costs was due to higher allocated staff salary costs as full-time equivalent headcount dedicated to the lottery business increased from 16 to 26 following the procedural review.

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." For example, Sports Council Procurement Policy seeks to implement Procurement Guidance Note 01/13 in integrating social considerations into contracts where appropriate.

Sports Council strategy encourages its staff 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.

Review of Activities and Key Performance Indicators (KPIs)

The Sports Council Business Plan for 2015-16 responded to the Management Statement and Financial Memorandum. Detailed within the Plan are the organisation's Strategic Objectives, Priorities for Action, Key Activities, and Key Performance Indicator (34) targets for the financial year.

The following table provides a summary of progress, using a traffic light rating, against Sport Council's Strategic Objectives (3) Priorities for Action (6) and Key Activities (15) detailed within the Plan for 2015-16.

Strategic Objectives	Priorities for Action	Key Activities	Year End Status
1. Sporting Communities	1. Lead, coordinate and invest in the development and delivery of grassroots sport, extending choice and quality opportunities which engage all.	1. To deliver a sports development support service to local communities which delivers expert advice, guidance, resources and capacity building to grassroots communities.	Green
		2. To influence and support the development of 11 Local Council Community Plans.	Green
		3. To promote and support the delivery of Northern Ireland's Outdoor Recreation Action Plan.	Green
	2. Increase participation in grassroots sport with a target on young people, people with a disability, women, older people and people living in areas of greatest social need.	4. To develop and launch a new community participation initiative to increase quality opportunities for targeted groups to sustain participation in sport.	Green
		5. To work with a range of partners to deliver interventions aimed at improving access to and participation in sport amongst targeted groups and building good relations through sport.	Green

2. Sporting Clubs	3. Invest in the sporting workforce to enable sports clubs to develop and deliver quality sporting experiences so that people can enjoy and sustain a sporting lifestyle.	6. To develop the sporting workforce by delivering coach and practitioner education, training and personal development to sports clubs.	Green
		7. To work with Governing Bodies to increase their ability to develop and improve quality in sports clubs.	Green
		8. To deploy Sports Council expertise to identify and nurture talent.	Green
	4. Invest in quality sports facilities that engage communities, support achievement of sporting goals and develop future champions.	9. To identify and prioritise sport facility requirements within Northern Ireland.	Green
		10. To provide design and technical advice to organisations developing and operating sporting facilities.	Green
		11. To provide advice and guidance in support of safety at sports grounds.	Amber
		12. To develop an Investment Strategy, with delivery partners, to construct and operate prioritised sports facilities.	Green
		13. To improve the quality of club-community facilities.	Red
3. Sporting Winners	5. Prioritise those sports and athletes who have the potential to achieve success and excel at the Olympic, Paralympic and Commonwealth Games.	14. To invest Sports Council expertise to deliver improved high performance sport outcomes.	Green
	6. Work strategically with the sports (including culturally significant sports) to invest in our high performance expertise where it is most needed to ensure success.	15. To deploy Sports Council expertise to improve the competitiveness of sports, including culturally significant sports.	Green

The following narrative provides detail of the significant work of Sports Council during 2015-16 via Lottery funding.

1.0 Participation and Facilities

Sports Council encourages everyone to get active through participation in sport and physical recreation. Sport is not all about competition; it begins at community level providing sporting opportunities which engage all and enabling communities to come together to celebrate diversity and a shared passion for sport.

Sports Council has invested in many quality facilities to engage communities, support achievement and develop future sporting champions. People of all ages and abilities can avail of access to local fit for purpose spaces capable of sustaining early experiences and recreational enjoyment of sport and ensuring a lifelong connection with sport.

1.1 Active Communities

Active Communities was a National Lottery-funded initiative to increase participation in sport and physical activity among under-represented groups including women/girls, people with a disability and older people. Over the previous six years (since January 2010), the programme enabled the creation and deployment of a workforce of almost 120 full-time and part-time coaches and physical activity leaders in communities across Northern Ireland.

In 2015-16, over 100,000 people participated in the Active Communities programme - each of them taking part on average ten times during the year. 56% of participants were women/girls, continuing a trend over each of the preceding six years that saw the actual number of women/girls participating in the programme increase year on year.

A similar trend is also evident in the numbers of people with a disability participating in Active Communities; 14% of 2015-16 participants indicated that they had a disability; 13% of all participants were older people (>50 years).

2015-16 was the final year of the Active Communities Programme. Transition plans (Every Body Active 2020) were developed and approved by Sports Council Board in October 2015 to enable local councils to plan for, and build upon, the legacy of Active Communities within a paradigm of sustainable outcomes, localism and community planning.

1.2 Active Clubs

Active Clubs was a National Lottery funded programme to increase membership of sports clubs, especially among women/girls aged 14-25 and people living in areas of highest social need. The programme acknowledged the role of sports club membership as a key indicator of lifelong involvement in sport and physical activity but also acknowledged the wider evidence base of under-representation of young women and people living in areas of high social need within sports clubs.

Through targeted investment in and support for 13 governing bodies of sport and ‘umbrella’ groups (Disability Sport Northern Ireland and Outdoor Recreation NI), Sports Council helped to grow club membership by more than 3,500 and worked directly with more than 170 sports clubs. Sports involved in the Active Clubs Programme included angling, boxing, cricket, dodgeball, gymnastics, GAA, hockey and sailing. Sports Council funding enabled the deployment of 17 full-time and part-time Active Club Coordinators.

A critical aspect of the programme involved the development of collaborative practice and the sharing of information about ‘what works’ among those involved in grassroots delivery. During 2015-16 Sports Council facilitated a series of ‘Creating Sporting Insights’ (CSI) events for the 13 sports. This included fostering collaborative planning and delivery with local councils through the Active Communities Programme and sharing best practice from other organisations such as Sported and StreetGames.

1.3 Outreach, Capacity Building and Small Grants

Sports Council’s small grants programme - Active Awards for Sport - was a National Lottery funded initiative. During 2015-16, Sports Council invested in 89 grassroots sports clubs and community organisations using sport for development through two strands of Active Awards for Sport. One of these strands built on the legacy of the 2014 Giro d’Italia Big Start and supported 10 local groups to extend cycling opportunities in areas of high social need and for women/girls and people with a disability. The projects commenced delivery in June 2015 and concluded by May 2016.

2015-16 represented the final year of investment in the current small grants programme; a cycle that saw Sports Council invest more than £1.5m in grassroots projects across Northern Ireland, benefiting an anticipated 38,000 participants (based on applicants’ projections). Feedback indicated that the approach of prioritising women/girls and areas of high social need had resulted in improved ‘reach’ of the programme among this target audience and within those areas.

2.0 Performance Sport

Sports Council is committed to enabling athletes and teams to maximise their sporting potential and reach their optimum level of performance, specifically at Olympic, Paralympic and Commonwealth level.

Performance is about creating an environment that enables athletes to improve athletic performance. This work requires the parallel development of systems for workforce development, sustained participation, coaching, and talent identification/development, alongside sports science and medicine interventions, and the provision of financial support to athletes, coaches and governing bodies of sport.

2.1 PerformanceFocus 2013-17

2015-16 saw the delivery of the third year of 'PerformanceFocus' investment in 33 governing bodies of sport and sporting organisations. The investments met the key performance indicators concerning the five areas of system development:

1. Governance and Culture;
2. Club Development;
3. Coaching;
4. Talent; and
5. High Performance Operations.

This investment supported 71 posts and programme delivery across the 33 sporting organisations.



Richard Archibald
Accounting Officer
Sports Council for Northern Ireland

Date: 04 September 2023

ACCOUNTABILITY REPORT

Corporate Governance Report

Directors' Report

Board Members of Sports Council and Members of its Committees

The Board of Sports Council consists of a Chair and Vice-Chair and other Members appointed by the Minister, after a selection and recruitment process that is carried out by the Department for Communities. The functions of Sports Council are:

- On matters relating to sport and physical recreation, to advise the Department for Communities and other Government departments, Education Authority, Local 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.

Sports Council Board Membership

The following persons served as members during the financial year 2015-16:

Mr. B Henning (Chair) - * Resigned March 2016
Mr. I McAvoy (Vice-Chair) - * Resigned March 2016
Mr. B Delaney (Chair) * Resigned February 2017
Dr. C O'Mullan (Vice-Chair) – *Appointed January 2016. Resigned February 2017
Ms A Bingham - Completed Term March 2018
Mr. R Bullick
Mr. G Campbell – Resigned July 2015
Mr. P Cummings – Resigned July 2015
Mr. J D'Arcy - Resigned July 2015
Mr. E Lynch – Resigned July 2015
Ms R Mallon – Resigned July 2015
Mr. S McCullough – Resigned July 2015
Mr. D O'Connor – Resigned July 2015
Mr. J O'Neill – Resigned July 2015
Mr. G Wilson – Resigned July 2015
Ms. W Erskine – Appointed January 2016. Resigned August 2022
Mr. K Ferguson – Appointed January 2016
Mr. K Harding – Appointed January 2016
Ms C McStravick – Appointed January 2016 - Resigned February 2018
Mrs. K Godfrey** - Co-opted August 2015. Effective resignation April 2016
Mr M Glass - Co-opted August 2015. Effective resignation April 2016
Mr. D Malcolm** - Co-opted August 2015. Effective resignation April 2016

* Mr. B Henning and Mr. I McAvoy resigned from their positions of Chair and Vice-Chair on the 31 March 2016. Mr. B Delaney and Dr. C O'Mullan were appointed to the positions of Chair and Vice-Chair on the same day. They stayed in post until the new Chair and Vice-Chair were appointed on 1 February 2017. Mr. G Lucas and Mr. G Boyd currently hold these positions respectively.

** Mrs. K Godfrey and Mr. D Malcolm were co-opted onto Audit and Risk Assurance Committee but attended Board meetings during 2015-16.

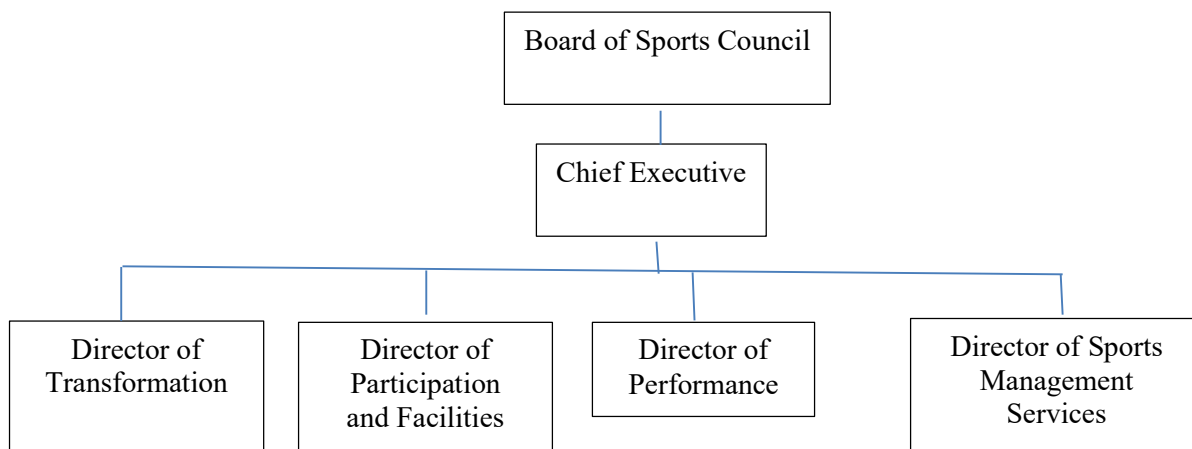
Board Directorships or Other Interests

Note 19 details any interests held by Sports Council Board Members. The Register of Interests can be seen at <http://www.sportni.net/about-us/register-of-interests>.

Chief Executive

The Chief Executive is the Accounting Officer and leads Sports Council supported by four executive directors heading each of the Directorates within the organisation. Further information on the Chief Executive is contained within the Governance Statement. Due to the unavailability of the Chief Executive at the time of signing an interim Chief Executive and Accounting Officer, Richard Archibald, was appointed by the Department for Communities (DfC).

Organisation Structure (2015-16)



Research and Development

Sports Council has no activities in the defined field of research and development.

Interest Rate and Currency Risk

The Sports Council has no borrowing, relying on funds drawn down from the National Lottery Distribution Fund for its cash requirements and is therefore not exposed to liquidity risks. As all significant assets and liabilities are determined in Sterling, it is not exposed to material interest rate or currency risk.

Political and Charitable Donations

Sports Council made no such donations during the year (2014-15: NIL).

Personal Data Related Incidents

Refer to page 22 of the Governance Statement.

Payment of Suppliers

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 2015-16 Sports Council paid 96% (2014-15: 93%) of invoices within 10 working days and 100% (2014-15: 100%) of invoices within 30 days.

Pension Fund

All assets, liabilities and operating costs of the Sports Council's pension scheme are recorded in the accounts of Sports Council Exchequer entity. Details of pension liabilities can be found in Exchequer Annual Report and Accounts.

Auditors and Appointment of Auditors

External Audit

Sports Council for Northern Ireland Lottery Distribution Accounts are required to be audited by the UK Comptroller and Auditor General. Once completed the National Audit Office is responsible for laying the audited accounts before Parliament.

The audit fee for the work performed by the staff of the Comptroller and Auditor General during the reporting period, and which relates solely to the audit of these Financial Statements, was £32,000 (2014-15: £32,000).

Internal Audit and the Audit and Risk Assurance Committee

Sports Council outsources its internal audit function. In 2015-16, Deloitte carried out the audit plan approved by the Audit and Risk Assurance Committee. The internal auditor attended four meetings of the Audit and Risk Assurance Committee during 2015-16. The members of the Committee were:

Mr. G Campbell - Chair (Resigned July 2015)
Mr. P Cummings - Vice-Chair (Resigned July 2015)
Ms R Mallon (Resigned July 2015)
Mr. J D'Arcy (Resigned July 2015)
Mr. I McAvoy - Chair (Appointed December 2015 and Resigned March 2016)
Ms A Bingham (Appointed December 2015, Resigned July 2017)
Mr. K Harding (Appointed January 2016, Resigned December 2021)
Ms C McStravick (Appointed January 2016, Resigned July 2017)
Mrs. K Godfrey (Co-opted August 2015, Resigned July 2017)
Mr. D Malcolm (Co-opted August 2015, Resigned July 2017)

The resignation of board members in July 2015 (see Governance Statement section 4 for further detail) required the reconstitution of the Audit and Risk Assurance Committee. The committee was reconstituted in December 2015 and was augmented by two senior civil servant co-optees.

Disclosure of Relevant Audit Information

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. Given issues relating to corporate memory, 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 Sports Council's auditors are aware of that information.

The NIAO Comptroller and Auditor General also published a separate report on governance issues within Sports Council in 2020. The Chief Executive, Antoinette McKeown, took the lead on addressing issues arising from this report.

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

The Sports Council for Northern Ireland "Sports Council" is required to prepare a statement of accounts for each financial year in the form directed by the Secretary of State for Culture, Media and Sport, with the consent of the Department for Communities in Northern Ireland and the approval of HM Treasury in accordance with Section 35(2) – (3) of the National Lottery etc. Act 1993 (as amended) and the Lottery Accounts Directions issued by the Department for Communities on behalf of the Department 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 Sports Council's Lottery Distribution Account and of its income and expenditure, changes in taxpayer's equity and cash flows for the financial year.

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

- Observe the Accounts Direction issued by the Department for Communities (formerly the Department for Culture, Arts and Leisure) 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 Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements; and
- Prepare the financial statements on a going concern basis.

The Accounting Officer for the Department for Communities (formerly the Department for Culture, Arts and Leisure) has designated the Chief Executive of Sports Council as the Accounting Officer for the Sports Council. The responsibilities of Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records, and for safeguarding Sports Council assets, are set out in '*Managing Public Money Northern Ireland*' issued by the Department of Finance (formerly the Department of Finance and Personnel), and in the Financial Directions issued by the Department for Communities (formerly the Department for Culture, Arts and Leisure) on behalf of the Secretary of State for Culture, Media and Sport under s26(3) of the National Lottery etc. Act 1993 (as amended).

Governance Statement

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, bi-annual and annual assurance statements to the Department for Communities, management reports and findings from third party reviews.

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. Refer to page 21 for details on Interim Executive Leadership Team in post during the year.

As Accounting Officer, I exercise the following responsibilities:

- Establish, in agreement with the Department for Communities, corporate and business plans in support of the Department's wider strategic aims and current Programme for Government objectives;
- Inform the Department for Communities of the Sports Council's progress in helping to achieve the Department's policy objectives and in demonstrating the use of resources to achieve those objectives;
- Ensure timely forecasts and monitoring information on performance and finance are provided;
- 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 the Department of Finance (formerly Department of Finance and Personnel) or the Department for Communities or the Department for Culture, Media and Sport;
- Ensure that all relevant financial and non-financial information is provided to the Board in a timely fashion to ensure informed decisions are made and governing requirements complied with;
- 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 an effective system of programme, project and contract management;
- Ensure that all public funds made available to the Sports Council including any income or other receipts, are used for the purpose intended, expended in compliance with governing requirements and are used economically, efficiently and effectively;
- Ensure compliance with all governing directions issued by the Department for Communities or the Department for Culture, Media and Sport; and
- Ensure the existence of proper accounting records.

The Purpose of the Governance Framework

The governance framework comprises the systems, processes, culture and values, by which Sports Council is directed and controlled and the activities through which it accounts to and 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.

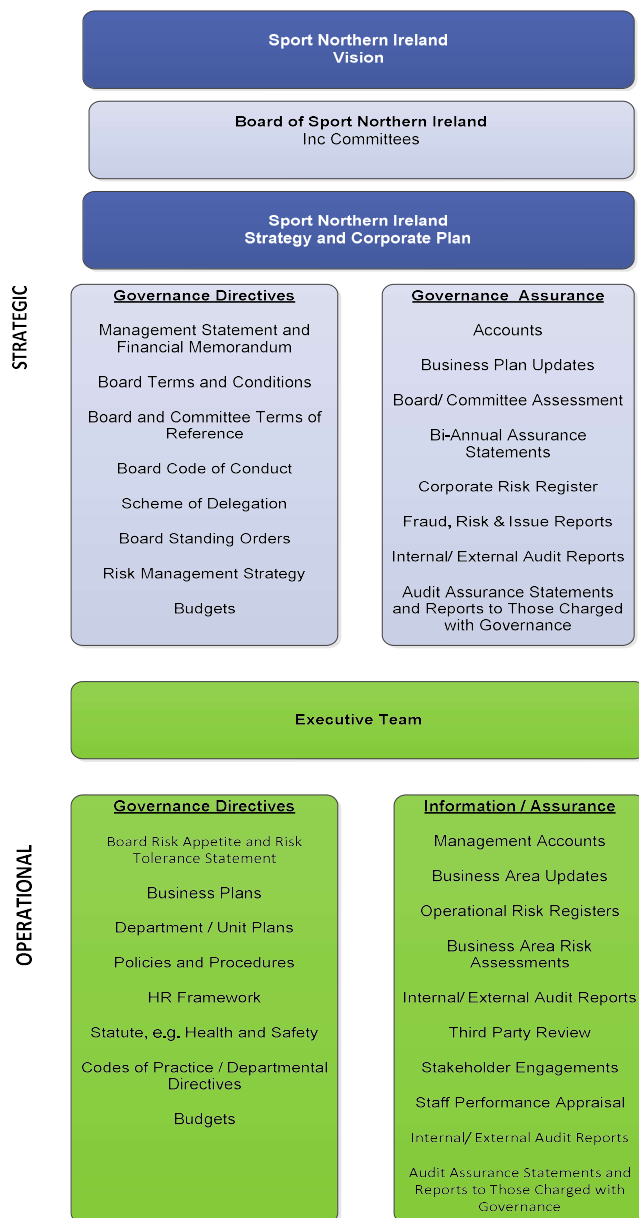
The governance framework outlined below has been in place for the year ended 31 March 2016 and up to the date of approval of the annual report and accounts.

Sports Council's Governance Framework

As an Arm's Length Body of the Department for Communities, Sports Council is publicly accountable to the Department for Communities and its Minister for its performance and the use of its resources. For Lottery Account activities, Sports Council is also accountable to the Department for Culture, Media and Sport through accountability processes undertaken with the Department for Communities for managing public monies.

Sports Council's Governance Framework is predicated on the provisions laid out within 'Corporate Governance in Central Government Departments 2013' as detailed in Figure 1.

Fig 1 Sports Council's Governance Framework



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 five-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.

Sports Council drafted a new Corporate Plan for the period 2015-20. This plan has been developed based on evidence from the international SPLISS benchmarking study² and also feedback received from a range of stakeholders/partners. Driving this plan was our vision in 2015-16 which was "Northern Ireland: renowned as a place where people enjoy, engage, and excel in sport".

This vision was supported by our mission at that time in 2015-16 'to lead world class sports development at all levels producing more participants and more winners'. Sports Council sought to realise this vision through interventions that aimed to create Sporting Communities, identify and support effective Sporting Clubs and resource and celebrate Sporting Winners.

The plan was based on projections that we would have resources of £100.3m for the period 2015 to 2021. In administering these resources, Sports Council focused on the changes needed across Northern Ireland to provide people and athletes with the conditions they require to participate, perform and succeed in sport.

2. Board

The Board is the ultimate place for decision-making on new policy, strategy, governance, budgets and performance. Our arrangements are all covered by a Scheme of Delegation, Terms of Reference and Board Standing Orders.

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 Ministers for Communities and Culture, Media and Sport and the Northern Ireland Executive.

A review by the Interim Executive Leadership Team concluded that the Board needed to provide more strategic leadership for the Executive team and hold it to account for delivery. The level of robust challenge is improving and the IELT recommendations provide an opportunity to focus on the leadership provided by the Board to the Executive and organisation.

Sports Council's Board met on seven occasions during 2015-16 to discuss and consult on key strategic matters. Attendance by Board Members was 86% compared to 80% for the previous year. These key matters included strategic planning, budgeting, stewardship reporting, risk management and governance, advising on and overseeing on key policies such as Governing Body recognition and performance review.

² The Sport Policy Factors Leading to International Sporting Success (SPLISS) study allowed for an assessment of the sports development system in Northern Ireland against the SPLISS Model. The study found that Northern Ireland's sport development system is in its infancy and considerable investment is necessary to bring our system up to a standard comparable with other countries.

An overview of Board attendance over the year is provided below:

Member	April 2015	June 2015	August 2015	October 2015	December 2015	February 2016	March 2016
A Bingham	✓	X	✓	✓	X	✓	✓
R Bullick	✓	✓	✓	✓	✓	✓	✓
G Campbell	✓	X	Resigned In July				
P Cummings	✓	✓	Resigned In July				
B Delaney	✓	✓	✓	✓	✓	✓	✓
J D'Arcy	X	✓	Resigned In July				
W Erskine					Appointed January	✓	✓
K Harding					Appointed January	✓	X
B Henning	X	✓	✓	✓	✓	✓	✓
K Ferguson					Appointed January	✓	✓
E Lynch	✓	✓	Resigned In July				
R Mallon	✓	✓	Resigned In July				
I McAvoy	✓	✓	✓	✓	✓	✓	✓
S McCullough	✓	✓	Resigned In July				
C McStravick					Appointed January	✓	X
D O'Connor	✓	✓	Resigned In July				
C O'Mullan					Appointed January	✓	✓
J O'Neill	✓	✓	Resigned In July				
G Wilson	✓	✓	Resigned In July				
M Glass			Co-opted in August	✓	✓	✓	X
K Godfrey			✓	X	✓	X	✓
D Malcolm			✓	✓	✓	✓	✓

Key: X – absent; ✓ - present.

Board Skills

The Department for Communities makes all appointments to the Board of Sports Council. An evaluation of Board skills was undertaken in November 2015 by the Governance Manager, supported by the Chair for the period 2014-15. The purpose of this review was to understand and formally document the skills and experience of the current Board enabling Sports Council to assess future training and development needs and also to assist the Chair in articulating requirements in the event of future public appointments. The review demonstrated a rich mix of skills and experience across the five Board members. The review acknowledged that Board effectiveness could be enhanced via supplementation with members with particular skills and experience in financial management, accountancy and Information Systems. The Board of Sports Council was also underrepresented by females. However, a review of board skills and leadership undertaken at the same time by the Interim Executive Leadership Team, did not concur with the findings of the above review and raised concerns in respect of Board skills and knowledge, leadership and objectivity.

A subsequent appointments process in response to these reviews has since resulted in five new appointees, including three female appointees, to the Board of Sports Council which helped to address skills and experience gaps.

Supporting the review of Members' skills and competencies is the Board self-evaluation which the Chair undertakes each year. This evaluation uses the National Audit Office checklist, seeks to benchmark performance against current best practice, to identify opportunities for improvement and to provide an indication of compliance with Corporate Governance in central government departments: Code of good practice NI 2013 (DAO 06/13). Based on this evaluation and assurance work undertaken by Internal Audit, the Sports Council met the requirements of DAO 06/13.

The oversight provided by the Board is predicated on the receipt of timely and accurate forecasts and monitoring information. The effectiveness review undertaken by the Board in 2015 acknowledged that executive reports to the Board are appropriately detailed enabling informed decision making.

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

Board Effectiveness

In line with the Corporate Governance in central government departments: Code of good practice NI 2013 ("the Code"), the Chair commissioned CIPFA to undertake an independent review during 2015. The review which was completed in August 2015 highlighted the following:

- The need for, as well as the components of, good governance is well understood by the Board Members and senior executives.
- Governance directives are largely compliant with good practice.
- The Board has a good mix of experienced Members with professional and other skills.
- Sports Council is a resilient organisation and Board Members and staff care passionately about what they do.
- Board papers are issued in a timely fashion and business plan update reports are comprehensive and detailed, providing good information for Board Members.
- The Executive update reports to the Board are impressively detailed.

CIPFA also identified a number of areas for consideration and enhancement. This included the need for fuller involvement by the Board in corporate planning, greater female representation on the Board and also updating of some key directives. The recent appointment of three females to the Board of Sports Council in December 2015 had addressed the representation issue. Sports Council, with oversight of the Board, had addressed the majority of the CIPFA recommendations by March 2016 with the remainder addressed in subsequent periods.

However, a number of reviews undertaken by the Interim Executive Leadership Team of Sports Council during the 2015-16 period and provided to the Board on 1 April 2016, identified a range of concerns and failings in respect of governance. These matters are addressed in more detail under Governance Matters in the Risk Management section of the Governance Statement.

The Chair also undertook an effectiveness review against the Code. This self-assessment supplements the CIPFA review and outlined the following areas for enhancement by the Board over 2016-17:

- Process to be implemented ensuring that Board Members remain current in terms of their skills and experience.
- In accordance, with the Public Sector Internal Audit Standards, in particular standard 1111, the Board from 2016-17 engaged more directly with Internal Audit rather than relying on interaction via the Audit and Risk Assurance Committee. This involved the Head of Internal Audit attending Board meetings at key intervals during the year.

The internal auditor during 2015-16 had attended two board meetings and provided an update on their work.

Update on Prior Evaluation

As part of the effectiveness review undertaken in 2015, the need for the Board to formally articulate its risk appetite was identified. The Board undertook a comprehensive exercise, facilitated by the Governance Manager which culminated in the production of a Risk Appetite Statement and supporting risk tolerances in 2015. Collectively, these directed and informed the activities of management as they delivered against the Sports Council's Corporate Plan.

Audit and Risk Assurance Committee

The Audit and Risk Assurance Committee (formerly known as 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. Throughout the 2015-16 year, the Committee consisted of four members who were appointed by the Chair of the Board. The Committee met four times during the year. Attendance details are provided in the table below.

Member	May 2015	September 2015	October 2015	February 2016
G Campbell	✓	Resigned In July		
P Cummings	✓	Resigned In July		
J D'Arcy	✓	Resigned In July		
R Mallon	✓	Resigned In July		
I McAvoy			Appointed December	✓
A Bingham			Appointed December	✓
K Harding			Appointed January	✓
C McStravick			Appointed January	X
K Godfrey	Co-opted in August	✓	✓	✓
D Malcolm	Co-opted in August	✓	✓	X

Key: X – absent; ✓ - present.

The work of the Audit and Risk Assurance Committee during 2015-16 was informed through review and consideration of a range of assurances on governance, risk and control which included:

- Comprehensive updates from internal audit;
- Review of key risks and associated mitigation measures;
- Chief Executive's assurance statements;
- Fraud and irregularity updates;
- Updates on new guidance and directives issued by the Department of Finance and Personnel and their application;
- Direct award approvals; and
- Gifts and hospitality approvals.

In discharging its responsibilities to the Board, the Committee:

- Considered business performance data and advised the Board accordingly;
- Considered Lottery Account and Exchequer Account and supported the Board with its stewardship responsibilities;
- Considered the planning and timetable for accounts including Northern Ireland Audit Office Audit strategies and advised the Board;
- Considered the financial position of Sports Council including the National Lottery Distribution Fund and advised the Board; and
- Considered and informed the Annual Governance Statement and advised the Board accordingly.

In March 2016, the Committee undertook a self-effectiveness assessment, the purpose of this review was to self-evaluate against the National Audit Office assessment checklist. The assessment concluded that the Committee of Sports Council complies with best practice. However, a range of views undertaken during 2015-16 by the Interim Executive Leadership team and provided to the Board on 1 April 2016, highlighted poor governance. These are addressed in greater detail under Governance Matters in section 4 below.

The previous effectiveness review highlighted the opportunity to better formalise appointments to the Committee; this has been addressed during 2015-16 and included formal letters of appointment and Committee inductions. An external review of Sports Council's Internal Audit function was undertaken in 2017-18. The review team concluded that Sport Council's Internal Audit Service 'Generally Conforms' with the requirements of the Public Sector Internal Audit Standards and Code of Ethics.

Financial Expertise

The resignation of the Vice Chair, who was Chair of the Audit and Risk Assurance Committee, brought with it the loss of a qualified accountant from the skills complement of the Board.

It is a requirement of the Audit Committee Handbook, that at least one member of the Audit and Risk Assurance Committee have recent and relevant financial experience sufficient to allow them to competently analyse the financial statements and understand good financial management disciplines.

D Malcolm was appointed to the Audit and Risk Assurance Committee in August 2015. His background and sound financial acumen provided the required level of financial oversight.

The Committee was reconstituted in 2017 and now includes an independent member who is a qualified accountant.

Remuneration Committee

The Remuneration Committee is appointed by the Chair of the Board and consists of four members. It supports the Board providing assurances on the appraisal of the Chief Executive.

Due to the suspension absence of the Chief Executive in March 2015, the Committee did not fulfil its functions as outlined within its Terms of Reference. Therefore, the Committee did not meet in 2014-15 or 2015-16 and the Chief Executive was not appraised. Senior Civil Servants who occupied the position on an interim basis were appraised by the respective Departmental line manager.

3. Audit

Internal Audit

The role of internal audit 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. Deloitte provided the internal audit function during 2015-16.

External Audit

The National Audit Office (NAO) is the appointed external auditor of the financial statements of Lottery Account. Their function is to audit and report on the financial statements to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of regularity, the accounting policies, significant accounting estimates and identifying any material inconsistencies in the Annual Report with the audited financial statements. The Northern Ireland Audit Office (NIAO) complete the audit on behalf of NAO.

There has been a delay in the publication of Sports Council's financial statements which has meant that NIAO has been unable to complete its audit until September 2023. The delay has applied to the 2015-16; 2016-17, 2017-18, 2018-19, 2019-20, 2020-21, 2021-22 and 2022-23 financial statements. Sports Council remains committed to maintaining progress on completion of all remaining audits. The delay in the finalisation of the accounts has been attributable to several factors: -

- Governance issues within Sports Council from March 2015 to July 2017 (Northern Ireland Audit Office prepared a separate report on these matters);
- A lack of expertise, in Sports Council at various times over the period, on the preparation of financial statements to recognised public sector standards;
- Difficulty in retaining corporate knowledge and memory on issues with regards the 2015-16 financial statements in particular; and,
- Northern Ireland Audit Office giving priority to other audits as Sports Council failed to meet the audit timetable.
- Difficulties faced by Sports Council in being able to provide documentation to support figures relating to Grants payable and decommitments. This was due to the passage of time and the way in which the grant recording system was used historically. In order to enable the backlog to be cleared, the 2015-16 accounts have been adjusted to ensure that the closing payables figure matches the grant system. This adjustment should enable future year's to be agreed back to the underlying records.

4. Risk Management

Governance Matters

Absence of Chief Executive

The Chief Executive of Sports Council was suspended in March 2015. From 15 July 2015, Arthur Scott, a senior civil servant, was designated by the Department for Communities as Interim Chief Executive and Interim Accounting Officer. Maggie Smith (senior civil servant) was appointed by the Department for Communities, as Interim Chief Executive and Interim Accounting Officer of Sports Council from 1 May 2016. Following the dismissal of the Chief Executive, an appeal was initiated immediately and subsequently a discrimination case was lodged in the Fair Employment Tribunal in respect of unfair dismissal and discrimination on the grounds on gender and religion.

The independent appeal panel established to hear the Chief Executive's appeal against dismissal reported on its findings in June 2017, overturned the Board's decision and dismissed all charges against the Chief Executive. The Appeal report findings concluded that the body of evidence, tested on the balance of probabilities did not support the upholding of the allegations and that the Chief Executive's suspension was inappropriate and dismissal unfair. Wider Appeal Report findings identified significant concerns, with some similar to those outlined in the range of Interim Executive Leadership Team reports of March 2016 (see below). The Chief Executive was reinstated on the 31 July 2017.

The discrimination case was subsequently settled in advance of the Tribunal hearing. A payment of £25,000 was made to the appellant in December 2018, based on her proposal for this settlement amount in April 2018.

Review undertaken by Department for Communities' Head of Internal Audit

In May 2015 the Department for Communities' internal auditor met with a number of Sports Council staff in response to whistleblowing allegations regarding governance and management processes in the organisation. The subsequent scoping exercise report referenced concerns in respect of leadership and management; the culture within Sports Council; sexism and gender bias; and application of human resource policies.

Interim Executive Leadership Team Report and Transformation Programme

In June 2015 an Interim Executive Leadership Team (IELT), led by a senior civil servant from the Department for Communities, was set up to address recommendations made by the Head of Internal Audit. The IELT produced 11 review reports and a composite report which set out a range of governance issues within Sports Council relating to organisational culture; HR capability, policies and recruitment practices; performance management; leadership and management; and, Board operating framework, conduct and induction. Following completion of its work, 116 detailed recommendations were made which were carried forward under a Transformation Programme.

At the invitation of the then Minister for Culture, Arts and Leisure, the Sports Council Board developed an Implementation Plan for the IELT recommendations. In this plan, the Board committed to the Transformation Programme covering 6 subordinate projects relating to Board Leadership, Executive Leadership and Management, Strengthening the HR function, Internal Communication, Culture Change and Governance and Accountability.

The Implementation Plan was signed off in April 2016 and the Transformation Programme was led by the Interim Chair as Senior Reporting Officer. The delivery was subject to an independent review in October 2017. The review concluded providing a delivery confidence assessment of amber/green and made 6 key recommendations which were implemented.

Board Resignations

In July 2015, nine members of the Board tendered their resignation. This prompted the co-option of three senior civil servants to support the Board. This arrangement ended in May 2017.

On 31 March 2016, following Ministerial review of the range of IELT reports, both the Chair and Vice-Chair resigned.

The Minister for Communities (formerly Minister for Culture, Arts and Leisure) appointed Mr. B Delaney and Dr. C O'Mullan to the position of Interim-Chair and Interim Vice-Chair respectively. They remained in post until the new Chair and Vice-Chair were appointed on 1 February 2017. Mr. G Lucas and Mr. G Boyd currently hold these positions respectively.

Delay in the Publication of the Annual Report and Accounts

The publication of recent Sports Council's financial statements has been delayed for several reasons. At times a lack of expertise within Sport NI on accounts preparation to recognised public sector standards has been a concern, Governance issues between March 2015 and July 2017 were an issue and with the ensuing backlog of audit requirements and timelines missed meant that the NIAO have had to prioritise other engagements. As a result the 2015-16, 2016-17, 2017-18, 2018-19, 2019-20, 2020-21, 2021-22 and 2022-23 financial statements are in a position of backlog. Sports Council undertook a review of the reasons why this backlog occurred to ensure that in future financial statements it has the appropriate expertise to deliver timely high quality financial statements in place. This review was as part of a wider review of lessons learnt as a result of publication of the Northern Ireland Audit Office separate report on governance issues in Sports Council published in 2020. The Chief Executive took the lead on addressing issues arising from this report.

Difficulties faced by Sports Council in being able to locate documentation to support figures in respect of grant payables and decommitments due to the passage of time and the way the grant recording system was used. In order to enable the backlog to be cleared the 2015-16 accounts have been adjusted so that the closing payables figure match the grants system. This should enable future years to be agreed back to the underlying records.

Risk Appetite

A key constituent of effective risk management is the understanding and articulation by the Board of its risk appetite. During 2015-16, the Board agreed the risk appetite of the organisation across a range of business-critical activities. This represented a significant shift along the risk maturity continuum and determines how risk at an operational level will be considered and managed.

The core risks for Sports Council in 2015-16 were around leadership and the delivery of capital projects, fraud and information governance.

During 2016-17 key senior appointments and ongoing budget reductions were dominant in terms of strategic risk to Sports Council.

Managing Risk

One of the Board's key accountabilities is to provide leadership of the organisation within a framework of prudent and effective controls which enable risk to be assessed and managed. Effective risk management is critical to the achievement of our strategic objectives. The Board has overall accountability for ensuring that risk is effectively managed across the organisation and, on behalf of the Board, the Audit and Risk Assurance Committee reviews the effectiveness of the organisation's risk management framework.

The Board, through the Audit and Risk Assurance Committee, conducted a review of the effectiveness of the systems of risk management and internal control within Sports Council. This was undertaken by Deloitte as part of the internal audit plan and a satisfactory opinion provided the Board with assurance that an adequate and effective system of governance, risk management and control existed. However subsequent reviews undertaken in 2015-16 found significant issues in respect of poor governance, risk management and lack of internal checks and balances in respect of decision-making on critical issues.

Personal Data Related Incidents

There were two known breaches of the Data Protection Act which did not lead to any actions or penalties from the Information Commissioners' Office. Sports Council provided further training to staff and controls have been enhanced to mitigate the risk of future breaches.

5. Measuring Service Quality

At the heart of Sports Council is the provision of a service which improves participation and sporting performance in a value for money manner. To this end Sports Council monitors business areas and associated performance indicators ensuring 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 (MSFM). The MSFM defines the relationship between the Department for Communities and Sports Council, and articulates the financial and administrative framework within which Sports Council operates. This document was revised by the Department in September 2016 to reflect the change of the name of the Department and was subject to internal Departmental review.

7. Delegated Decisions

Sports Council's Scheme of Delegation has been developed with oversight from the Department for Communities. It covers financial and non-financial responsibilities and provides direction as to where decisions can be taken by Sports Council's Chief Executive and where the Board should retain decision-making control.

8. Policies and Procedures

Sports Council has a suite of policies and procedures in place which govern all operational activities within Sports Council. These were subject to review during 2015-16 and subsequent years to comply with best practice.

9. 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 the Sports Council stakeholders. Work on the organisational structure review was impeded in 2015-16 due to the absence of the substantive Chief Executive.

In retaining the requisite skills mix, Sports Council has in place a comprehensive skills and training analysis framework, through the performance appraisal process, 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.

10. 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 performance is regularly assessed and evaluated through the preparation of management accounts, which are reported to the Board regularly.

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

11. Value for Money

Sports Council recognises that during the 2014-15, 2015-16 and 2016-17 years it incurred significant expenditure which could not be deemed to reflect good value for public money. The Northern Ireland Audit Office published a separate report on this matter in 2020.

12. Sports Council's Assurance Framework

Quality of Data

The Board receives information in timely fashion. A review by CIPFA in July 2015 found that executive update reports to the Board are impressively detailed, enabling informed decision making by the Board. The associated report has been approved by the Board who concur with the findings. Further to this review, the Board sought and received more focused reporting on key projects as part of its assurance requirements.

An independent audit on "Information to Board" was carried out by Deloitte during 2015-16, as part of its internal audit plan, for which a satisfactory opinion was received.

The Board also undertook an assurance mapping exercise which they employed through the Executive Team to plan and co-ordinate the various sources of assurance available to it to best effect.

Sports Council recognises that additional work and investment is required to bring the organisation's information systems up to date to enhance management information informing strategic decision-making.

Audit

Sports Council's Internal Auditor was able to conduct a full annual programme of work. A review of Sport Council's Complaints handling control resulted in a limited assurance, however all recommendations have now been addressed. Internal Audit provided an overall satisfactory assurance.

13. Ministerial Directions

There were no Ministerial Directions received during the year that would have impacted on risk or controls within Sports Council.

14. 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 had to absorb significant funding reductions during 2015-16 and we anticipated further cuts for the next few financial years at the end of 2015-16.

This presented a significant risk to the organisation in terms of what it could deliver, how and to whom. In terms of the Sports Council strategic priorities and partners, these were clearly outlined within the 2015-20 Corporate Plan which had been developed to take account of the stakeholder needs and changing environment within which Sports Council operates.

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

Voluntary Exit Scheme

In 2015, nine members of staff left under the Voluntary Exit Scheme (VES). A further 16 departures were agreed under the second phase of VES in 2016-17, with a further 15 in 2017-18. While staff exit is subject to careful management and planning, this does impact the organisation not only in terms of reassigning tasks but also the loss of knowledge and experience built up over many years.

Leadership

As a result of recruitment restrictions across the Northern Ireland Civil Service a number of key posts continue to be filled on an interim basis.

Departmental Strategic Review

The Department for Communities (DfC) has announced its intention to carry out a strategic review of Sports Council activities. As per the date of certification of these accounts the terms and references of this review have yet to be finalised.

15. 2016-17 year

The Board developed a Transformation Programme which was approved by the Minister for Communities on 26 April 2016. The Chair of the Board was the Senior Responsible Owner of the Programme. The implementation of the transformation programme was a major element of Sports Council's work over 2016-17.

16. Conclusion

Work will continue under the aegis of the Transformation Programme over the coming years and Sports Council will embed the enhancements to governance arrangements and foster improved stakeholder confidence.



Richard Archibald
Accounting Officer
Sports Council for Northern Ireland

Date: 04 September 2023

Remuneration and Staff Report

1.0 Remuneration Report

1.1 Remuneration Policy

The remuneration of senior civil servants is set by the Minister of Finance (formerly Finance and Personnel). The Minister implemented a reform of arrangements for senior civil service pay and set a Pay Strategy for 2013 and 2014. 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 Sports Council, the Chief Executive is normally employed on terms analogous to Senior Civil Service Grade 5, however, the Department for Communities agreed that special salary scales should be applied to this position. All directors are employed analogous to Grade 7. Following the implementation of the agreed new special salary scales for the Chief Executive, the 2014-15 and 2015-16 pay remit for the Chief Executive was approved by the Department of Finance for approval and paid in February 2023.

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. No bonus payments for performance were made during 2015-16.

The Remuneration Committee is responsible for approving the Chief Executive's salary and assessing performance. Membership includes the Chair of the Sports Council Board. Due to the suspension of the Chief Executive in March 2015, the Committee was unable to fulfil its functions as outlined within its Terms of Reference. Therefore, the committee did not meet in 2014-15 or 2015-16 and the Chief Executive was not appraised. Senior civil servants who occupied the position on an interim basis were appraised by their Departmental line manager.

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

1.2 Service Contracts

Sports Council staff appointments are made in accordance with the Sports Council Recruitment and Selection Policy and Procedures, which requires appointment to be on merit on the basis of fair and open competition.

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.

1.3 Salary

'Salary' includes gross salary; overtime; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation and any ex-gratia payments.

1.4 Benefits in kind

There is a PAYE Settlement Agreement in place which covers the payment of tax and NIC in respect of all luncheon vouchers paid to staff. A further PAYE Settlement Agreement was setup in 2015-16 to pay for Income Tax and Class 1B National Insurance Contributions for travel and subsistence expenses of part time office holders.

1.5 Salary, Bonus, Benefit in Kind and Pension Entitlements – Senior Staff (Audited Information)

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

<i>Employee</i>	2015-16					2014-15				
	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 £'000
Antoinette McKeown Chief Executive**	80-85	-	200	27	110-115	80-85	-	200	22	105-110
Nick Harkness Director of Participation (from 2 September 2013)	65-70	-	200	37	100-105	65-70	-	200	(28)	35-40
Shaun Ogle Director of Performance	65-70	-	200	34	100-105	65-70	-	200	12	75-80
Andrew Sloan Director of Sports Management Services ***	65-70	-	200	29	95-100	65-70	-	200	14	80-85
Emma Bohill Transformation Facilitator (to 11 November 2015)	30-35 (45-50 full year equivalent)	-	-	12	40-45	20-25 (45-50 full year equivalent)	-	-	12	35-40
Range of Salaries	5-85					4-85				
Band of Highest Paid Director's Total Remuneration	80-85					80-85				
Median Total Remuneration	29,783					28,167				
Ratio	2.8					2.93				

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.

** Please refer to the Governance Statement for further details on the absence of the Chief Executive.

*** The Director of Sports Management Services fulfilled the role of Accounting Officer from 13 March 2015 to 14 July 2015.

1.6 Median Remuneration

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

The median remuneration of the staff is the total remuneration of the staff member(s) lying in the middle of the linear distribution of the total staff, excluding the highest paid director. This is based on annualised, full-time equivalent (FTE) remuneration as at the reporting period date.

Total remuneration includes salary, performance pay and bonuses. It does not include employer pension contributions and the cash equivalent transfer value of pensions. Total remuneration is calculated on an annualised basis to remove any fluctuations caused by employee turnover, which do not reflect changes in pay policy.

The FTE measurement of staff is specified to ensure a level of comparability that would otherwise be distorted, if a member of staff represented a whole unit, irrespective of the hours worked.

The ratio is calculated as follows:

$$\frac{\text{Midpoint in highest paid director's pay band}}{\text{Median remuneration of the Sports Council's staff}}$$

1.7 Board Members' Honoraria (Audited Information)

The Chair received honorarium totalling £10,000 (2014-15: £10,000). The Chair's honorarium was not directly recharged to the Lottery Account during 2015-16 (2014-15: £4,200). The Vice-Chair received £3,500 (2014-15: £3,500).

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

All Board Members are recompensed for their vouched expenses incurred in carrying out their duties.

1.8 Bonuses (Audited Information)

No bonus payments for performance were made in 2015-16 (2014-15: NIL).

1.9 Exit Packages (Audited Information)

No executive directors of Sports Council received any compensation for loss of office during the year (2014-15: NIL). Nine members of staff left the business under the Sport's Council Voluntary Exit Scheme see Note 2.10 in Staff Report section. (£196,803; 2014-15: NIL).

1.10 Sports Council Pensions

Sports Council participates in the Northern Ireland Local Government Officers' Superannuation Committee Scheme (NILGOSC) and made contributions for 141 employees. All assets, liabilities and operating costs relating to the pension scheme are processed through the Exchequer Accounts. A recharge is made to the Lottery Account for any pension costs incurred on its behalf. During the year 26 staff were recharged to Lottery Account.

The pension scheme is administered by NILGOSC. The benefits paid under the Scheme are based on length of membership and 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. For 2015-16 the rates were as follows:

Band	Range	Contribution Rate
1	£0 - £14,000	5.5%
2	£14,001 - £21,300	5.8%
3	£21,301 - £35,600	6.5%
4	£35,601 - £43,000	6.8%
5	£43,001 - £85,000	8.5%
6	>£85,000	10.5%

The employer contribution rate for 2015-16 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 and section 3 below.

Audited Information

Employee	Accrued pension at pension age as at 31/3/16 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/16	CETV at 31/3/15	Real increase in CETV
	£'000s	£'000s	£'000s	£'000s	£'000s
Antoinette McKeown <i>Chief Executive</i>	0-5 plus Nil lump sum	0-2.5 plus Nil lump sum	44	26	12
Nick Harkness <i>Director of Participation</i>	25-30 plus 60-65 lump sum	0-2.5 plus 0-2.5 lump sum	500	461	35
Shaun Ogle <i>Director of Performance</i>	25-30 plus 55-60 lump sum	0-2.5 plus 0-2.5 lump sum	519	481	37
Andrew Sloan <i>Director of Sports Management Services</i>	15-20 plus 25-30 lump sum	0-2.5 plus 0-2.5 lump sum	260	234	21
Emma Bohill <i>Transformation Facilitator</i>	0-5 plus Nil lump sum	0-2.5 plus Nil lump sum	14	8	3

1.11 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.

1.12 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. The actuarial factors used to calculate CETVs changed during the 2015-16 year and, consequently, CETV figures increased even without any further pension accrual. However, the real increase calculation uses common actuarial factors at the start and end of the period so that it disregards the effect of any changes in factors and focuses only on the increase that is funded by the employer.

2.0 Staff Report

2.1 Number of Directors (Audited Information)

Director's Salary	2015-16	2014-15
£45,000-£50,000	1	1
£50,000-£55,000	-	-
£55,000-£60,000	-	-
£60,000-£65,000	-	-
£65,000-£70,000	3	3
£70,000-£75,000	-	-
£75,000-£80,000	-	-
£80,000-£85,000	1	1
Total Number of Directors	5	5

2.2 Staff Numbers and Costs (Audited Information)

(a) Staff Costs

The following costs relate to recharges from Exchequer Account to the Lottery Account.

	Permanently Employed Staff	Others	Total	Total
	2015-16	2015-16	2015-16	2014-15
	£	£	£	£
Salaries & Wages	849,313	-	849,313	590,798
Social Security Costs	59,478	-	59,478	33,642
Pension Costs	171,000	-	171,000	117,819
Other	-	-	-	867
Total Staff Costs	1,079,791	-	1,079,791	743,126

(b) Average Number of Persons Employed (Audited Information)

- Sports Council

Number	2015-16			2014-15
	Permanently Employed Staff	Others	Total	Total
Directly employed	118	12	130	122
Other	-	6	6	4
Total	118	18	136	126

All of the staff were employed by the Sports Council and the proportion in relation to the Lottery Account is based on percentage of Officers time spent on Lottery Account activities.

- **Lottery Account**

The average number of whole-time equivalent persons employed during the year working on the National Lottery Distribution Account was as follows:

Number	2015-16			2014-15
	Permanently Employed Staff	Others	Total	Total
Directly employed	26	-	26	16
Agency staff	-	-	-	-
Total	26	-	26	16

2.3 Chief Executive's Remuneration (Audited Information)

The remuneration received by the Chief Executive during the year was £84,760 (2014-15: £84,760). The Chief Executive is an ordinary member of the Northern Ireland Local government Officers' Superannuation Committee (NILGOSC) pension scheme. There has been no direct recharge of the Chief Executive's salary to the Lottery Distribution Account.

Arthur Scott was appointed by the Department as Interim Chief Executive from 15 July 2015 to 20 April 2016, and all salary and related costs were incurred by the Department for Communities. No salary costs were recharged during this period.

2.4 Pension

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 Exchequer Account. A recharge is made to the Lottery Account for any pension costs incurred on its behalf.

Details of the pension scheme are available within Exchequer Account. There have been no payments for civil service and other compensation schemes.

2.5 Staff Composition

The actual composition of staff employed by Sports Council is as follows:

	Male Directors	Male Employees	Female Directors	Female Employees
2015-16				
Payroll	4	63	1	62
Board*	-	-	-	-
Agency	-	5	2	3
Total	4	68	3	65

	Male Directors	Male Employees	Female Directors	Female Employees
2014-15				
Payroll	4	69	2	73
Board*	-	-	-	-
Agency	-	3	-	-
Total	4	72	2	73

*Board Members are employed by the Department for Communities. The Chair and Vice Chair are the only Members to receive honorarium from Sports Council. 2015-16 numbers above include two co-opted board members who have not been included in Staff Note 2.1.

2.6 Sickness Absence Data

The number of sick days reported in 2015-16 was 1,507 (2014-15: 1,325). Sports Council had an average of 10.84 days absence per full time equivalent person in 2015-16 (2014-15: 10.1 days). This was due to there being an increase in long-term sickness absence in 2015-16. This was managed in line with the Absence Management Policy.

2.7 Staff Policies Applied During the Financial Year

2.71 Employee Consultation

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

2.72 Equality of Opportunity

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, including sexual orientation. An equal opportunities policy has been in place since March 2004 and was last reviewed in July 2016.

2.73 Employees with a Disability

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.

2.74 Health and Safety

Sports Council is committed to providing staff with an environment that is as far as possible, safe and free from risk to health. In accordance with this commitment, Sports Council has complied with relevant legislation.

2.8 Expenditure on Consultancy

The following costs were incurred during the year for consultancy (excluding managed service).

	2015-16	2014-15
	£	£
Actuary Report	2,400	708
Total Expenditure on Consultancy	2,400	708

2.9 Off-Payroll Engagements Off-payroll engagements are those where individuals, either self-employed or acting through a personal service company, are paid gross by the employer. Following the Review of Tax Arrangements of Public Sector Appointees published by the Chief Secretary to the Treasury on 23 May 2012, departments and their arm's length bodies must publish information on any highly paid and/or senior off-payroll engagements as at 31 March 2016, for more than £220 per day and that last longer than six months. Sports Council had no off-payroll engagements in 2015-16 (2014-15: NIL).

2.10 Core Exit Packages (Audited Information)

Exit Package Cost Band	2015/16 Number of Compulsory Redundancies	2015/16 Number of Other Departures Agreed	2015/16 Total Number of Exit Packages by Costs Band	2014/15 Total Number of Exit Packages by Costs Band
< £10,000	-	2	2	-
£10,000- £25,000	-	4	4	-
£25,000-£50,000	-	3	3	-
£50,000- £100,000	-	-	-	-
£100,000- £150,000	-	-	-	-
£150,000- £200,000	-	-	-	-
Total Number of Exit Packages	-	9	9	-
Total Resource Cost	-	£196,803	£196,803	-

Redundancy and other departure costs have been paid in accordance with the provisions of Sports Council's Voluntary Exit Scheme. Exit costs are accounted for in full in the year of departure, including recognised liabilities as accruals at the point at which offers were accepted. Exit costs were fully processed through the Exchequer Account with the same amount received from government funding provided by the Department for Communities. If the exit costs had been recharged to the Lottery Account in line with other salary costs, nil would have been charged.



Richard Archibald
Accounting Officer
Sports Council for Northern Ireland

Date: 04 September 2023

Parliamentary Accountability and Audit Report

Parliamentary Accountability Disclosure Notes (Audited)

1. Losses and Special Payments

This section is subject to audit.

There were no losses or special payments during the year which required disclosure in the accounts (2014-15: NIL).

2. Fees & Charges

This section is subject to audit.

There were no fees or charges during the year which required disclosure in the Lottery Account (2014-15: NIL).

3. Remote Contingent Liabilities

This section is subject to audit.

There were no remote contingent liabilities during the year which required disclosure in the Lottery Account (2014-15: Nil).



Richard Archibald
Accounting Officer
Sports Council for Northern Ireland

Date: 04 September 2023

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

THE CERTIFICATE OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

I certify that I have audited the financial statements of the Sports Council of Northern Ireland Lottery Distribution Account for the year ended 31 March 2016 under the National Lottery etc. Act 1993. The financial statements comprise: the Statements of Comprehensive Net Income, Financial Position, Cash Flows, Changes in Taxpayers' 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 and Staff Report and the Parliamentary Accountability disclosures that are 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 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 of Northern Ireland Lottery Distribution Account's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by Sports Council of 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 Council's and Accounting Officer's Responsibilities and 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.

Basis for qualified opinion on financial statements

I have qualified my opinion on the financial statements in the following respects:

I am unable to obtain sufficient appropriate audit evidence that the Grants De-committed in year recorded in the Statement of Comprehensive Net Income of £142,094, the grants payable balance as at 31 March 2016 of £9,906,695 recorded in the Statement of Financial Position, and the disclosures made in note 16 Grants Payable, are free from material misstatement.

The Sports Council of Northern Ireland have been unable to provide all the evidence I needed to audit Grants De-committed in year, the grants payable balance as at 31 March 2016, and the disclosures made in note 16 Grants Payable, and have decided not to make further efforts to obtain the necessary information. This is a limitation imposed by management on my audit, leading me to limit the scope of my audit opinion.

As a result of the limitation imposed by management, I have been unable to determine the possible effect of potential misstatements identified in relation to prior years. Therefore, this limitation also applies to the opening grant payables balance of £13,365,736 at 31 March 2015.

My report on pages 38-39 includes further details of the matters leading to my qualified opinion.

Qualified opinion on financial statements

In my opinion, except for the possible effects of the matters described in the basis for qualified opinion paragraph:

- the financial statements give a true and fair view of the state of the Sport Council for Northern Ireland Lottery Distribution Account's affairs as at 31 March 2016 and of the net income after tax 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's directions issued thereunder with the approval of HM Treasury.

Opinion on other matters

In my opinion:

- the part of the Remuneration and Staff Report and the Parliamentary Accountability disclosures to be audited have been properly prepared in accordance with Secretary of State directions made under the National Lottery etc. Act 1993; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

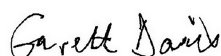
Matters on which I report by exception

In respect solely of the limitation of scope on my work relating to Grants De-committed in year, the grants payable balance as at 31 March 2016 and as at 31 March 2015, and the disclosures made in note 16 Grants Payable, as described in the basis of qualified opinion paragraph above:

- I have not received all of the information and explanations I require for my audit; and
- adequate accounting records have not been kept.

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

- the information given in the Annual Report is not consistent with the financial statements and with information obtained during the course of the audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.



Gareth Davies

11 September 2023

Comptroller and Auditor General

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

THE REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

Delays in certifying the accounts

1. It is very unusual for there to be such a delay in certifying a set of accounts. The certification of the 2015-16 Sports Council for Northern Ireland (SCNI) Lottery Distribution Accounts has been impacted by the delay to the certification of the 2014-15 accounts. I included a report on the 2014-15 accounts setting out the reasons for the delay, the knock-on impact on the timing of the certification of subsequent accounts, and the actions SCNI is taking to ensure it has the appropriate expertise to prepare financial statements which are both high quality and delivered on a timely basis.
2. Following the certification of the 2014-15 accounts, except for the matters relating to the limitation of scope of my audit opinion, the 2015-16 accounts have been prepared in line with my expectations in respect of quality. The matters relating to the limitation of scope of my audit opinion have caused further delay to the certification of the 2015-16 accounts.

Grant records

3. SCNI uses lottery funding to make grants for sports (which is a designated good cause under the National Lottery etc. Act 1993). SCNI's principal objectives are to increase participation in sport and physical activity by people living in Northern Ireland and to enable high performance athletes and teams to maximise their sporting potential.
4. The Statement of Comprehensive Net Income and note 16 to the financial statements reports £142,094 of negative expenditure for grants de-committed in year. The Statement of financial position and note 16 to the financial statements reports £9,906,695 grants payable at 31 March 2016 and £13,365,736 at 31 March 2015. The grants de-committed in year represent previously made grants, recorded in expenditure in 2015-16 and previous years' financial statements, that have not been taken up by grant recipients. The grants payable balance represents grants awarded, where the award is free from any conditions under SCNI's control and the grant has not been paid by SCNI by the 31 March.
5. My audit approach is designed to obtain sufficient assurance that accounts are free from material error. I planned my audit to achieve this through sample testing of account areas.

Impact upon my audit opinion

6. I have qualified my audit opinion because I am unable to obtain sufficient appropriate audit evidence that the Grants De-committed in year recorded in the Statement of Comprehensive Net Income, the grants payable balance as at 31 March 2016 recorded in the Statement of Financial Position, and the disclosures made in note 16 Grants Payable, are free from material misstatement as:
 - SCNI identified uncertainties and possible material error in grants de-committed and grants payable balances when reviewing the 2015-16 financial statements prior to submission for audit during 2021-22. SCNI began to investigate this further but did not complete this work. The SCNI grant recording system is no longer able to reliably report grants de-committed and grant payables balances disclosed in note 16 to the financial statements. Management decided not to attempt to manually reconstruct a list of grants de-committed in year and grants payables from other dated records.
7. I have been unable to complete my audit of grants de-committed in year, the grants payable balance as at 31 March 2016, and the disclosures made in note 16 Grants Payable as SCNI did not provide all the evidence I needed to conclude that these transactions, balances and disclosures were not materially misstated. My testing did not identify any irregularity with this expenditure.
8. The origin of identified uncertainties and possible material error referred to above dates to grants made in the 2011-12 financial year. As such, this suggests that there may be uncertainties and material error in the balances reported in prior years and in particular the balance at 31 March 2015 disclosed within this account. As a result of the limitations imposed by management noted above, I have been unable to ascertain the impact of the uncertainties and possible material errors on the reported balance at 31 March 2015.
9. Management's decision in relation to the provision of evidence reflected issues with the grant recording system and the quality of the information held to support the disclosures in the accounts. This has been impacted by the significant delay in preparing and submitting the accounts for audit.

10. The SCNI's decisions not to make further efforts to provide all the evidence I needed to audit Grants De-committed in year, the grants payable balance as at 31 March 2016, and the disclosures made in note 16 Grants Payable is a limitation imposed by management on my audit, leading me to limit the scope of my audit opinion.
11. I am working with SCNI to finalise my audits of the subsequent accounts. The matters relating to the limitation of scope of my audit opinion of the 2015-16 accounts could materially impact subsequent years' accounts. However, SCNI should have more reliable information within its grant recording system for grants awarded from 2016-17 onwards and should now work to confirm the grants payable balance at each year-end subsequent to 31 March 2016.

Gareth Davies
Comptroller and Auditor General

11 September 2023

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

FINANCIAL STATEMENTS

Statement of Comprehensive Net Income
for the year ended 31 March 2016

	Note	2015-16 £	2014-15 £
Income from Activities	5	10,042,099	10,190,392
Other Operating Income	6	124	60,500
Total Operating Income		10,042,223	10,250,892
Staff Costs	3	(1,079,791)	(743,126)
Depreciation and Amortisation	9&10	(2,092)	(7,621)
Other Expenditure	4	(578,572)	(489,467)
New Grants Made in Year	16	(3,740,833)	(5,633,400)
Grants De-Committed in Year	16	142,094	753,132
Total Operating Expenditure		(5,259,194)	(6,120,482)
Net Income For the Year		4,783,029	4,130,410
Interest Receivable	7	-	90
Net Income After Interest		4,783,029	4,130,500
Taxation	8	-	(18)
Net Income After Tax for the Year		4,783,029	4,130,482
Other Comprehensive Net Income			
Items which will not be classified to net operating costs:			
Net gain on revaluation of Property, Plant and Equipment	9	29	82
Net gain on revaluation of Intangible Assets	10	9	33
Net (gain)/loss on revaluation of investments – balance held in NLDF		-	-
Comprehensive Net Income for the Year		4,783,067	4,130,597

The notes on pages 44 to 55 form part of these accounts.

Statement of Financial Position as at 31 March 2016

	Note	2015-16 £	2014-15 £
Non-current assets			
Property, plant and equipment	9	1,299	2,954
Intangible assets	10	-	807
Total non-current assets		1,299	3,761
Current assets			
Trade and other receivables	13	3,235	11,486
Investments classified as available for sale	11	15,887,145	14,736,082
Cash and cash equivalents	14	718,921	648,774
Total current assets		16,609,301	15,396,342
Total assets		16,610,600	15,400,103
Current liabilities			
Trade and other payables	15	(287,342)	(400,871)
Grants payable	16	(9,837,195)	(10,179,236)
Total current liabilities		(10,124,537)	(10,580,107)
Total assets less current liabilities		6,486,063	4,819,996
Non-current Liabilities			
Grants payable	16	(69,500)	(3,186,500)
Total non-current liabilities		(69,500)	(3,186,500)
Total assets less total liabilities		6,416,563	1,633,496
Equity and other reserves			
General Reserve		6,302,804	1,519,350
Revaluation Reserve	17	113,759	114,146
Total equity		6,416,563	1,633,496

The financial statements on pages 40 to 43 were approved by the Board on 04 September 2023 and are signed on its behalf by:



Richard Archibald
Accounting Officer
Sports Council for Northern Ireland

Date: 04 September 2023

The notes on pages 44 to 55 form part of these accounts.

Statement of Cash Flows for the year ended 31 March 2016

	Note	2015-16	2014-15 Restated*
		£	£
Cash flows from operating activities			
Net income for the year		4,783,029	4,130,482
Adjustments for non-cash transactions		2,500	7,621
Decrease in trade and other receivables	13	8,251	1,846
(Decrease)/Increase in payables <1 year	15	(455,570)	943,116
(Decrease) in payables > 1 year	15	(3,117,000)	(3,043,583)
Increase in balance held at NLDF	11a	(1,151,063)	(1,465,877)
Net cash inflow from operating activities		70,147	573,605
Net increase in cash and cash equivalents in the period	14	70,147	573,605
Cash and cash equivalents at the beginning of the period	14	648,774	75,169
Cash and cash equivalents at the end of the period	14	718,921	648,774

*Restatement – reclassification of figures to include tax paid, interest received, and funds drawn down into the National Lottery Distribution Fund as part of the operating activities.

The notes on pages 44 to 55 form part of these accounts.

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2016

	Note	General Reserve £	Revaluation Reserve £	Total Reserves £
Balance at 31 March 2014		(2,612,413)	115,312	(2,497,101)
Comprehensive net income for the year		4,130,482	-	4,130,482
Net gain on revaluation of property, plant and equipment		-	82	82
Net gain on revaluation of intangible assets		-	33	33
Transfer between reserves		1,281	(1,281)	-
Balance at 31 March 2015		1,519,350	114,146	1,633,496
Comprehensive net income for the year		4,783,029	-	4,783,029
Net gain on revaluation of property, plant and equipment		-	29	29
Net gain on revaluation of intangible assets		-	9	9
Transfer between reserves	17	425	(425)	-
Balance at 31 March 2016		6,302,804	113,759	6,416,563

The notes on pages 44 to 55 form part of these accounts.

Notes to the Accounts

1. Statement of Accounting Policies

These financial statements have been prepared in a form directed by the Secretary of State for Culture, Media and Sport with the consent of the Department of Finance in Northern Ireland and the approval of HM Treasury in accordance with Section 35(2) – (3) of the National Lottery etc. Act 1993 (as amended) and lottery accounts directions given by Department for Communities on behalf of Department for Culture, Media and Sport.

These financial statements have been prepared in accordance with the 2015-16 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the circumstances of Sports Council Lottery Distribution Accounts for the purpose of giving a true and fair view has been selected. The particular policies adopted by Sports Council 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). Sports Council applied a capitalisation limit of £1,000 to individual items. Items below the £1,000 threshold were charged directly to the Statement of Net Comprehensive Income.

From 1 April 2009, Exchequer Account is responsible for all non-current asset purchase and maintenance. Non-current asset usage on Lottery Account activities is recharged from Exchequer Account to Lottery Account 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
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 Exchequer Account 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 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.

As specified in the Lottery Accounts Direction, issued by the Department for Communities, on behalf of the Department for Culture, Media and Sport, the National Lottery Distribution fund balance is classified as investments in the Statement of Financial Position. This is in line with the Department for Culture, Media and Sport accounting policy. National Lottery Distribution Fund investments are therefore held at the lower of carrying amount and fair value less costs to sell, with any unrealised profit or loss recognised through the National Lottery Distribution Fund revaluation reserve.

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 Exchequer Account to Lottery 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

A grant commitment is deemed to be a commitment once the Letter of Offer has been sent to the grant applicant. The commitment will remain as such provided the grant recipient continues to meet the conditions of the award. Commitments are disclosed in Note 16 to the accounts as Grants Payable and recognised as expenditure in the Statement of Comprehensive Net Income.

1.11 Taxation

The Lottery Account incurs corporation tax on bank interest earned.

1.12 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 12 provides appropriate disclosures regarding Financial Instruments on the Lottery Account.

Investments

Investments are held by the Department for Culture, Media and Sport on behalf of Sports Council and are available for sale. These are reflected at market value which equate to fair value.

Accounting Treatment Investments

In accordance with the Lottery accounts direction, unrealised profits and losses on investments are recognised within the statement of comprehensive net expenditure. The presentation of an 'Investment revaluation reserve is as a result of classification as 'available for sale' with the cumulative unrealised gains and losses shown in note 17.

1.13 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 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, nor that it will materially impact upon the Lottery recharge.

1.15 Going Concern

These accounts have been prepared on a going concern basis. The National Lottery Distribution Fund currently holds £15.9m (31 March 2015: £14.7m) on behalf of Sports Council. Declining Lottery ticket sales has resulted in Sports Council reviewing its investment programmes to ensure that at no point the National Lottery Distribution Fund would be overdrawn, and a minimum level of reserve be held as a contingency.

1.16 Critical accounting estimates 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 Sport NI's accounting policies. Sport NI continually evaluate the 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 in respect of the calculation of a recharge of Lottery costs from Sport NI Exchequer account relies on the use accounting estimates and assumptions.

2. Operating Segments

In line with IFRS 8, Sports Council does not have any segmental data to disclose. The Board of 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 Costs

All the staff costs were incurred by the Exchequer Account and recharged to the Lottery Account on the basis of staff time working on Lottery projects/programmes.

A breakdown of the costs can be found in the Staff Report within the Accountability Report. All costs relate to permanent staff.

4. Other Operating Costs

	Total 2015-16 £	Direct 2015-16 £	Recharge 2015-16 £	Total 2014-15 £
Operating Costs				
SCNI Overhead Charge	448,618	-	448,618	196,456
Courses & Conferences	37,905	37,681	224	5,392
External Audit Fee	32,000	32,000	-	32,000
Professional Fees	21,816	21,816	-	68,076
Travel & Subsistence	16,926	-	16,926	9,358
Repairs and Maintenance	10,009	9,216	793	6,804
Research & Evaluation	9,540	9,540	-	10,467
Training	1,350	1,350	-	-
Loss on Disposal	408	408	-	-
Publicity	-	-	-	160,914
Total Operating Costs	578,572	112,011	466,561	489,467

Of the above total for 2015-16 £466,561 (2014-15: £363,795) was initially incurred by the Sports Council's grant-in-aid account and recharged to the Lottery Distribution Account.

5. Income from Activities

	2015-16 £	2014-15 £
Proceeds from National Lottery	10,001,285	10,149,357
Investment Income	40,814	41,035
Total	10,042,099	10,190,392

6. Other Operating Income

	2015-16 £	2014-15 £
Local Authority Contributions	-	60,500
Other	124	-
Total	124	60,500

7. Interest Received

	2015-16 £	2014-15 £
Interest on Clawbacks	-	90
Total	-	90

8. Corporation Tax

	2015-16 £	2014-15 £
Tax	-	18
Total	-	18

9 Property, Plant and Equipment

	2015-16 Information Technology	2014-15 Information Technology
Cost or Valuation	£	£
At 1 April	68,923	68,577
Additions	-	-
Revaluations	284	346
Disposals	(32,084)	-
At 31 March	37,123	68,923
Depreciation		
At 1 April	65,969	60,727
Charge in year	1,684	4,978
Revaluation	255	264
Disposals	(32,084)	-
At 31 March	35,824	65,969
Carrying value at 31 March	1,299	2,954
Carrying value at 1 April	2,954	7,850
Asset financing:		
Owned	1,299	2,954
Carrying value at 31 March	1,299	2,954

10. Intangible Assets

	2015-16	2014-15
	Information	Information
	Technology	Technology
Cost or valuation	£	£
At 1 April	62,495	62,332
Additions	-	-
Revaluation	(309)	163
Disposals	(56,069)	-
At 31 March	6,117	62,495
Amortisation		
At 1 April	61,688	58,915
Charge in year	408	2,643
Revaluation	(318)	130
Disposals	(55,661)	-
At 31 March	6,117	61,688
Carrying value at 31 March	-	807
Carrying value at 1 April	807	3,417
Asset financing:		
Owned	-	807
Carrying value at 31 March	-	807

Intangible assets comprise purchased software and licenses.

11. Investments Classified as Available for Sale**11(a). Balances Held in NLDF**

	2015-16	2014-15
	£	£
Proceeds from Lottery	10,001,285	10,149,357
Investment Income	40,814	41,035
Realised Gain on Investment	-	-
Drawn Down in Year	(8,891,036)	(8,724,515)
Increase in Funds	1,151,063	1,465,877
Balance at 1 April	14,736,082	13,270,205
Balance at 31 March	15,887,145	14,736,082

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 Sports Council's Lottery Distribution Account at 31 March 2016 was £15,887,145 (2014-15: £14,736,082).

11(b). NLDF Balance Policy

In August 2003 the Department for Culture Media and Sport (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 Sports Council:

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 effective progress of existing and future commitments. In setting its target balances Sports Council will seek to ensure that it neither compromises existing commitments nor unreasonably constrains its ability to make future commitments.

In December 2015 Sports Council agreed that the NLDF target balance should be as follows:

- by 31 March 2016 to achieve a NLDF balance of £13.297m;
- by 31 March 2017 to achieve a NLDF balance of £8.226m;
- by 31 March 2018 to achieve a NLDF balance of £7.080m;
- by 31 March 2019 to achieve a NLDF balance of £5.793m;
- by 31 March 2020 to achieve a NLDF balance of £1.367m;
- by 31 March 2021 to achieve a NLDF balance of £1.773m; and
- by 31 March 2022 to achieve a NLDF balance of £5.390m.

At 31 March 2016 Sports Council NLDF balance was £15.887m. The target for the year was not achieved as a result of deferrals in programme activity; and delays in grant vouching due to staff sickness and embedding vouching arrangements within development officers' remit.

A revised profile has been updated and provided to the Board in line with revised income projections and projected cash release against programme expenditure.

Balance as per March 31st 2022 was £17.9m significantly above the target outlined above primarily due to changing assumptions over the timeframe, deferrals to programme activity and the need to focus on Covid related support activities.

12. Financial Instruments:

Lottery Account 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 2015-16, £10 million (99%) 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 (0.6%)). 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 £16.606 million to cover all current contracted commitments of £10.194 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. Sports Council has no control over the investment of Funds in the NLDF. At the 31 March 2016 the Market Value of investment in the NLDF was £15.887 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 a non-interest bearing current account, as it is part of the Northern Ireland government pooling agreement. The cash balance at the year-end was £0.719 million. Sports Council considers 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. Trade Receivables, Financial and Other Assets**Amounts falling due within one year:**

	2015-16	2014-15
	£	£
Accrued Income	3,235	11,486
	<u>3,235</u>	<u>11,486</u>

14. Cash and Cash Equivalents

	2015-16	2014-15
	£	£
Balance at 1 April	648,774	75,169
Net change in cash and cash equivalent balance	<u>70,147</u>	<u>573,605</u>
Balance at 31 March	<u>718,921</u>	<u>648,774</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>718,921</u>	<u>648,774</u>
------------------	-----------------------	-----------------------

15. Trade payables and other current liabilities

Amounts falling due within one year:	2015-16	2014-15
	£	£
Other taxes and social security	-	18
Trade payables	-	26,192
Amount owed to Exchequer	165,560	330,086
Accruals and deferred income	<u>121,782</u>	<u>44,575</u>
Total Trade and Other Payables	<u>287,342</u>	<u>400,871</u>
Grants payable (Note 16)	<u>9,837,195</u>	<u>10,179,236</u>
Total current liabilities	<u>10,124,537</u>	<u>10,580,107</u>
Amounts falling due after more than one year:		
Grants payable (Note 16)	<u>69,500</u>	<u>3,186,500</u>

16. Grants Payable

	2015-16	2014-15
	£	£
Grants payable at 1 April	13,365,736	15,650,317
Grants paid during the year	(7,059,188)	(7,164,849)
Grant de-commitments	(541,682)	(753,132)
In-year adjustment*	399,588	-
Transfer to other payables	1,408	-
Grants made in the year	3,740,833	5,633,400
Grants payable at 31 March	9,906,695	13,365,736

	2015-16	2014-15
	£	£
Profile of Commitments		
Payable in 2015-16	-	10,179,236
Payable in 2016-17	9,837,195	3,117,000
Payable in 2017-18	69,500	69,500
	9,906,695	13,365,736

*Issues with source documentation and historic use of the grant recording system necessitated an adjustment. The Grants Payable figure is now supported by the grants management system.

There are no commitments expected to be payable after 2017-18.

17. Analysis of the Revaluation Reserves

	Note	NLDF Investment	Non-Current Assets	Total Revaluation Reserve
		£	£	£
Balance at 31 March 2015		113,512	634	114,146
Net Gain on revaluation of Non-Current Assets		-	(425)	(425)
Realised Element		-	38	38
Balance at 31 March 2016		113,512	247	113,759

18. Commitments under Leases

The rent of land and buildings is an ongoing agreement with Exchequer Account, which holds the operating lease in respect of the land and buildings in which the Lottery Account resides. The following are the rental amounts incurred:

	2015-16	2014-15
	£	£
Total Rent Recharge	10,800	10,800

19. Related Party Transactions

Several members of Sports Council Board, its committees and senior staff (Executive Team) 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 arm's length by Sports Council.

Council Member	Grantee	Commitments to Grantee (£)	Relationship of Staff Member to Grantee
Brian Delaney	Athletics NI	13,804	Occasional volunteer marshal
	Belfast Community Sports Development Network	4,410	Board Member (resigned 07.04.16)
	Lisburn and Castlereagh City Council	443,897	Person Connected - yoga teacher on council run programmes

Executive Team Staff Member	Grantee	Commitments to Grantee (£)	Relationship of Staff Member to Grantee
Nick Harkness	Golfing Union of Ireland	40,000	Person Connected - Subscribing Member - Current
	Queen's University Belfast	408	Student
Andrew Sloan	British Gymnastics	-1,168	Person Connected - Subscribing Member - Current
	Queen's University Belfast	408	Former part-time tutor

Other related parties include:

Sports Council is a Non-Departmental Public Body sponsored by the Department for Communities (DfC). DfC is regarded as a related party. In May 2016, the Department for Culture Arts and Leisure was dissolved and the Department of Communities became the sponsoring body of Sports Council.

During the year Sports Council has had various transactions with the Department for Communities and with other entities for which the Department for Communities is regarded as the parent Department. None of the Council Board Members, key managerial staff or other related parties has undertaken any material transactions with Sports Council during the year.

Sports Council operates an Exchequer Account in which awards are distributed. A number of recharges are made from the Exchequer Account.

The Lottery Account operations of Sports Council are funded from the National Lottery Distribution Fund through the Department for Culture, Media and Sport (DCMS). DCMS is regarded as a related party. During the year Sports Council has had various material transactions with DCMS.

As a matter of policy and procedure, Sports Council maintains a publicly available register of interests where Board Members and staff declare any direct interest in grant applications made to Sports Council or any commercial relationships of Sports Council. In addition, Exchequer grants were paid during the year to a number of organisations in which Board Members declared an interest. Having declared an interest Board Members are required to leave the meeting while the relevant application is discussed and a decision is made.

20. Other Commitments

Approvals for awards totalling £7.35m had been made at 31 March 2016 (2014-15: £2.88m). Letters of offer had yet to be made to the applicants at the year end, so these have not been recognised as commitments in the accounts.

21. Contingent Liabilities

There were no contingent liabilities as at 31 March 2016 (2014-15: Nil).

22. Third Party Assets

There are no third-party assets as at 31 March 2016 (2014-15: Nil).

23. Events After the Reporting Period Date

Voluntary Exit Scheme

16 departures were agreed under the second phase of VES in 2016-17, with a further 15 in 2017-18.

Change in Name of Sponsoring Department

Following the amalgamation of the former Department of Culture, Arts and Leisure (DCAL) with the Department for Social Development (DSD), and some of the functions of other departments, the new Department for Communities (DfC), effective from 9 May 2016, became Sports Council's Sponsoring Department.

From 3 July 2017 the Department for Culture, Media and Sport (DCMS) became known as the Department for Digital, Culture, Media and Sport. It reverted back to the name Department for Culture, Media and Sport (DCMS) from 7 February 2023.

For detail on the absence of Chief Executive, Interim Executive Leadership Team Report and Transformation Programme, Board Resignations, absence of Chief Executive and the delay of publication of annual report refer to the Governance Statement.

External

Sports Council participated in the DCMS working group set up to assess the implications of the United Kingdom's exit from the European Union which took place on 31st January 2020. The Sports Council business model and working practices were severely impacted by the Covid 19 pandemic in 2020-21 both in terms of specific short-term responses and longer term effects.

Date for Authorisation for Issue

The Accounting Officer authorised the issue of these financial statements 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 priorities 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 is 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 organisations, including other distributors.
 - 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

ISBN 978-1-915287-26-7



9 781915 287267