

**The Sports Council for Northern Ireland**  
**Annual Report and Accounts**  
**For the year ended 31<sup>st</sup> March 2006**

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*Laid before the Northern Ireland Assembly  
under Article 7(2)(c) and 8 of the Recreation and Youth Service  
(Northern Ireland) Order 1986 by the Department of Culture, Arts and Leisure*

*4 July 2008*

*Ordered by the Northern Ireland Assembly to be printed*

*4 July 2008*

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## **Chairman's Foreword**

I am delighted to introduce the Sports Council for Northern Ireland's Annual Report and Accounts for the year 2005/06. The Sports Council has had another successful year and has continued its role in supporting the development of sport in Northern Ireland. This Report and Accounts highlights some of our achievements and successes during the past year.

We have continued to build and further develop working relationships with our key partners to achieve our aims of:

- increasing and sustaining committed participation in sport and physical recreation amongst the population with particular emphasis on young people;
- raising standards of sporting excellence; and
- promoting the good reputation and efficient administration of sport in Northern Ireland.

The importance of sport and physical recreation is now well recognised and publicly acknowledged. Sport brings so many benefits to peoples' lives; as well as being fun and enjoyable, it can improve people's health and fitness levels and lead to a longer, happier life.

The Sports Council has been involved in supporting many events, programmes and initiatives, and in doing so has continued to demonstrate that sport can enhance personal development, community cohesion and build social capital. We have done our utmost to promote sport and encourage everyone to get involved.

On behalf of my fellow Council Members I express my gratitude to our Chief Executive, Eamonn McCartan and all staff members for their dedication and enthusiasm. Collectively we will continue to promote sport, encourage everyone to get involved and ensure that sport remains an integral part of life in Northern Ireland.



**Dominic Walsh**  
**Acting Chairman**  
**Sports Council for Northern Ireland**

**Date: 26 June 2008**

## **Chief Executive's Statement**

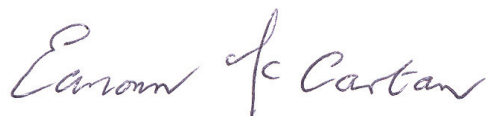
The Sports Council has had a very productive year and made valuable contributions to the positive development of sport in Northern Ireland.

This year we have continued to promote a range of sporting opportunities for people to participate in, and also encourage those in high performance.

Sport is gearing up for the 2012 Olympic and Paralympic Games in London, and with less than six years to go the clock is already ticking. To fully embrace this opportunity we must focus on five key challenges:

1. Talent Identification - strengthen our existing talent identification systems to ensure that more young people are identified, nurtured and developed to meet the expectation created by 2012.
2. Talent Development – strengthen and extend the availability of high quality services through our Sports Institutes including coaching, sports medicine, sports science and athlete support.
3. High Performance Facilities – ensure that Northern Ireland's sportsmen and women can access sports facilities that enable them to further develop their sporting potential.
4. A Programme of Competitive Sporting Events – support a programme of competitive sporting events that will assist our athletes in their development and help them reach Olympic and Paralympic standards.
5. Sporting Volunteers – encourage and support the training and development of our sporting volunteers.

We are 100% committed to investing in the future of sport, ensuring sport is part of every day life and encouraging people to develop and maximise their sporting potential. Sport has the ability to enhance the lives of all those who participate as well as those who are supporters and I look forward to a challenging year of sporting success.



**Eamonn McCartan**  
**Chief Executive and Accounting Officer**  
**Sports Council for Northern Ireland**

**Date: 26 June 2008**

## **Background Information**

### **Statutory Background**

The Sports Council for Northern Ireland (referred to as “Sports Council”) is an executive non-departmental public body sponsored by the Department of Culture, Arts and Leisure (referred to as “Department” or “DCAL”). It was established on 31 December 1973 under the provisions of the Recreation and Youth Service (Northern Ireland) Order 1973 with its main objective being the furtherance of sport and physical recreation. Its principal functions are as provided by Article 3 of the Recreation and Youth Service (Northern Ireland) Order 1986:

- On matters relating to sport and physical recreation, to advise the Department and other Government departments, Education and Library Boards, District Councils and other bodies interested in sport and physical recreation;
- To encourage the provision of facilities for and participation in sport and physical recreation; and
- To assist, subject to Paragraph (4) of the article:
  - In the provision of administrative services, equipment, coaching and instruction;
  - In the organising or supporting of, or participating in, international or other events, by bodies providing facilities for sport or physical recreation or organising such activities; and
  - Bodies providing supportive services in connection with sport and physical recreation.

Article 5 of the 1986 Order as amended by the Financial Provisions (NI) Order 1991 provides that the Department may, subject to such conditions as the Department thinks fit, make grants towards the expenses of the Sports Council.

These financial statements have been prepared on an accruals basis and show a true and fair view of the state of affairs of the Sports Council’s activities at the year end and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

They have also been prepared in accordance with Article 7 of the Order and in a form directed by DCAL with the approval of the Department of Finance and Personnel. A copy of the Accounts Direction can be found at Annex A.

### **Organisation Structure**

#### ***Chief Executive***

The Chief Executive is the Accounting Officer and heads the Sports Council. He is supported by three executive directors heading each of the departments within the organisation.

### ***The Council***

The function of the Sports Council is to:

- Advise DCAL and other government departments, education and library boards, district councils and other relevant bodies on matters relating to sport and physical recreation;
- Encourage the provision of facilities for, and participation in, sport and physical recreation;
- Assist the provision of relevant services and the organising or supporting of, or participating in, relevant events;
- Assist bodies providing relevant support services; and
- Appoint the Chief Executive by open competition, after consultation with DCAL.

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

Unless indicated otherwise, the members of the Sports Council were appointed on 1 July 2003 for a term of 4 years. The following persons served as members during the financial year 2005/06:

Professor E Saunders (Chairman)  
Mr G Carson (Vice - Chairman)  
Ms H Brady  
Dr O Brown  
Mr J Campbell  
Ms M Cusdin  
Mr J Gallagher  
Dr A Hamill  
Mr C Logue  
Mr B McCargo  
Mr H McCaughey  
Ms M Muldoon  
Dr M Murphy  
Mr J Rodgers  
Mr W Strong (Appointed 1 December 2006)

### ***Committees***

The Council's work is supported by a number of Committees, each chaired by either a Council Member or other individuals with relevant expertise and experience. The full Council ratifies all appointments to Committees. Each Committee reports and makes recommendations as appropriate to Council.

At 31 March 2006, the following Committees were operational:

- Audit Committee – considers external and internal audit reports, and oversees risk management processes, reviews the statutory accounts and other financial matters;
- Safe Sports Ground Committee – makes recommendations to Council on awarding Exchequer grants;
- Facilities Committee – to provide advise on facility development and planning within Northern Ireland; and
- Sports Development Committee – makes recommendations to Council on awarding Exchequer grants.



## **Audit**

### ***External Audit***

The Sports Council is required to be audited by the Northern Ireland Audit Office and once completed is responsible for laying the accounts before the Northern Ireland Assembly.

### ***Internal Audit Committee***

The members of the Audit Committee for the period were:

- Mr J Campbell
- Dr O Brown
- Mr J Gallagher
- Dr A Hamill

## **Corporate Governance**

As a Non-Departmental Public Body established under the Recreation and Youth Service (Northern Ireland) Order 1973 whose Council members are appointed by DCAL, the Sports Council is different from a limited liability company and some aspects of the Code of Best Practice, issued by the Cadbury Committee on the Financial aspects of Corporate Governance, are not applicable. However, the Sports Council has adopted the Code of Best Practice, which has been developed by DCAL and is based on the recommendations of the Cadbury Committee.

The Sports Council complies with that Code of Best Practice in all material aspects. In line with requirement, the full annual financial statements contain a statement on Internal Control, a culmination of the on-going assessment of risk to which the Sports Council is exposed.

## **Funding**

The Sports Council is primarily funded by Grant in Aid from the Exchequer. The level of funding is agreed with DCAL as part of a rolling three-year Funding Agreement. The current agreement covers the three financial years up to and including 2005/06. This agreement also includes an agreed set of strategic targets.

## **Lottery Distributor**

The Minister appointed the Sports Council as a Lottery distributor since 1994. Lottery funds are accounted for separately.

## **Sports Institute Northern Ireland (SINI)**

The SINI was formed in 2006 and is a 50/50 joint venture company between Sports Council and the University of Ulster. The core purpose of the SINI is 'to create an environment that nurtures and leads High Performance athletes and coaches through the provision of facilities, services and expertise.'

## **Equality of Opportunity**

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

### **Employees with a Disability**

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

### **Employee Consultation**

On matters of policy and procedure, which affect the employees of the Sports Council, the Council normally consults 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 Northern Ireland Department of Finance and Personnel.

### **The Euro**

The activities of the Sports Council are largely national. Although some exposure to transactions in Euros is likely, it is not considered that these will be significant. The financial statements are capable of dealing with the currency and procedures are being taken to ensure that all future systems are Euro compliant.

### **Payment Policy**

The Sports Council is committed to the prompt payment of bills for goods and services received in accordance with the Confederation of British Industry's Prompt Payers Code. Bills are paid within 30 days of receipt of the goods or services, or presentation of a valid invoice or similar demand, whichever is later. Calculations are based on the date on the invoice.

During the year 90% (2004/05: 92%) of bills were paid within this standard. Regular reviews aim to improve this percentage.

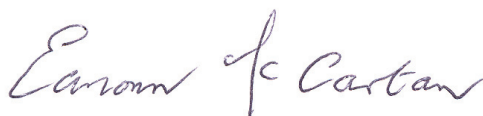
### **Political and Charitable Donations**

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



**Dominic Walsh**  
**Acting Chairman**  
**Sports Council for Northern Ireland**

**Date: 26 June 2008**



**Eamonn McCartan**  
**Chief Executive and Accounting Officer**  
**Sports Council for Northern Ireland**

**Date: 26 June 2008**

## **Management Commentary**

### **Financial Results**

The results of the Sports Council are set out in detail on page 30. The income and expenditure deficit for the year was £82,685 (2004/05 deficit of £39,113). The shortfall is an overspend on the Income and Expenditure Account of Exchequer fund income for the current year with commitments to organisations, clubs, governing bodies and events for the period up to 31 March 2006.

### **Review of Activities**

#### **1. Committed To Driving Sport Forward**

April 2005 was a month of preparation for the 'Golden Cow Youth Games'.

Behind every successful event is a dedicated team working to ensure everything is in order and the event runs smoothly; including securing venues, the range of sporting activities available and ensuring widespread participation. A great deal of planning and organisation is involved – without the necessary people and their input, events such as these would not be able to take place.

An event of this scale involves many individuals, their support, commitment, time, effort, and enthusiasm. These Games further encourage the youth of Northern Ireland to take part in sport and inspire them to explore their sporting potential. Getting young people to participate in sport at an early age can often set the pattern for a lifetime of involvement.

The Golden Cow Youth Games involve a wide diversity of sporting activities to showcase the range of activities young people can get involved in - both girls and boys; including athletics, badminton, basketball, rugby, soccer and Gaelic games.

While the emphasis of these Games is on taking part - win, lose or draw, getting involved in sport can be a very rewarding experience. It can help to boost self-esteem and self-confidence in young people.

Organising this event allows for a continued working relationship between the Sports Council for Northern Ireland, Belfast City Council and Queen's University Belfast – all working to make each year more successful with additional sporting activities, more participation and improved performance levels.

The Golden Cow Youth Games have become a vital piece of Northern Ireland's social jigsaw. Since the Games were first held here in 2000 to celebrate the new Millennium, they have considerably excelled. This is down to the support from the Sponsors and the people who work in unison to create a magical event for the youth of society.

#### **2. Golden Cow Youth Games 2005 – Another Great Success**

The 6th Golden Cow Youth Games were held in May 2005 and involved over 3,500 talented young athletes from across the province competing against one another for the honour of becoming 'Golden Cow Youth Games Champions'.

Spanning three days and with a massive 33 sporting activities taking place, the Golden Cow Youth Games are the biggest multi-sport event to be held for young people in Northern Ireland. Northern Ireland Sports Minister, David Hanson MP commented: Over 1,000 team managers, coaches, officials of sports bodies and volunteers make up the teams behind the athletes. Training during the past year has involved more than 850 sessions and 2,000 hours of training across the Province - a very clear indication that team effort wins the day."

For many of the participants the Golden Cow Youth Games are the highlight of their young sporting career. For others, they are a step in the right direction to a promising future in sport. For spectators activities highlighted on the Golden Cow Youth Games can provide an incentive to take up a sport or regular exercise and make lifestyle choices to improve their long-term health.

The Golden Cow Youth Games provide continued opportunities for talented young athletes to develop themselves and their sporting performances. In the long term, it is hoped that this will lead to improved performance levels within Northern Ireland sport and to future sporting success.

With continued support, the Golden Cow Youth Games have become firmly established in the Northern Ireland sporting calendar, increasing in size and quality year on year.

### **3. All The 5's**

On the 05/05/2005 the Sports Council announced the findings from the first quarter of the STRIVE FOR FIVE pilot scheme – 80% of people in Northern Ireland are aware of childhood obesity concerns, but only half of them are aware that the necessary amount of exercise needed each week to lead to a healthy lifestyle and to have a healthy heart, lungs and body, is 30 minutes, FIVE TIMES PER WEEK.

The Sports Council is dedicated to getting as many people as possible interested in participating in sport. The STRIVE FOR FIVE awareness campaign is designed to help people realise how much exercise and physical activity they need to be getting in order to enjoy a healthy lifestyle; and they can do this through sport.

### **4. Communication Initiative Sets The Way Forward**

In June 2005 the Sports Council for Northern Ireland was presented with the first 'Non-Enterprise Smart Community prize' at the OnLineNI Smart Community Awards held in the Northern Ireland Science Park.

The OnlineNI Smart Community pilot provided social and business networks with the ability to deliver projects by working collaboratively online within a private secure internet site.

The project undertaken by the Sports Council for Northern Ireland was a pilot for the development of a Sports Development Network (SDN) – a community based website aimed at providing support, guidance and training to Sports Development professionals employed throughout Northern Ireland. These professionals come together once a quarter but require contact on a day to day basis for training and to share knowledge and understanding of sports development issues. It was thought that it would be cost effective and time efficient to use an online resource such as a 'smart community' to contribute to the development of a communications and knowledge sharing environment for the network.

The success of this pilot was a result of the hard work and contribution of the Community Sports and ICT teams at the Sports Council.

It has set in wheels in motion to further develop the SDN, to provide a community website for all of the network members.

## **5. A Victory For London**

Celebrations were under way in July 2005 as it was announced that London were successful in the bid to host the 2012 Olympic and Paralympic Games.

Professor Eric Saunders Chairman of the Sports Council, congratulated London: "I congratulate Sebastian Coe (Bid Chairman) and his team on the news. The decision is a vindication of all the hard work from the Games team and Government Ministers."

"The decision is a clear reflection of the enthusiastic support for the bid. Research illustrated that we were one of the UK regions most supportive of the bid and we can therefore be justly proud of the part that we have played."

"The Olympics is of course primarily about sporting excellence and competing against the very best in the world. Through organisations like the Sports Council and the University of Ulster's Sports Institute we will begin to ensure that all our talented young sportspeople are looking ahead and focusing their performance goals towards participation in the Olympics in 2012."

The Olympics will act as a catalyst for Northern Ireland to improve all sports development opportunities. The Games can be used to broaden the appeal of sport at all levels; it will excite and inspire people of all ages and sporting abilities and increase participation across the board resulting in a healthier and fitter population, as well as encourage community involvement.

It has been recognised that sport makes a significant contribution to promoting understanding and co-operation by breaking down barriers and celebrating diversity – the Games can only further enhance sports position in bettering social issues.

The 2012 Olympic Games and Paralympic Games present Northern Ireland with a unique opportunity to participate in and benefit from a truly global event. It is a once in a lifetime opportunity that should be seized.

## **6. Ready...Willing...And Able**

In August 2005 the Sports Council for Northern Ireland showed its involvement and support for the launch of Northern Ireland's largest disability sports programme - the Royal Mail's 'Ready, Willing and Able for Sport Programme'.

The Right Honourable Lord Mayor, Councillor Wallace Brown, officially launched the programme. Led by Disability Sports Northern Ireland, the programme provided eight months of sporting events and activities for adults and children with disabilities, including the Northern Ireland Swimming Championships for People with Disabilities and the Special Schools Sports Hall Athletics.

Professor Eric Saunders, Chairman of the Sports Council stated: "One of our aims at the Sports Council is to provide everyone in Northern Ireland with the opportunity to become involved in sport and physical activity. The Royal Mail Ready, Willing and Able for Sport Programme does exactly that and with such a wide range of activities available, the programme offers an excellent opportunity for people with disabilities to participate in sport. The Sports Council is therefore delighted to be able assist the programme as part of our continued support for Disability Sports Northern Ireland."

The programme further emphasized the need to encourage people with disabilities to live healthier and more active lives.

## **7. Curling... Or Kurling ?**

As part of the Ready, Willing and Able for Sport Programme, a unique version of the popular game curling has been developed. 'New Age Kurling' is curling with a difference; it can be played by anyone and is fully inclusive of people with disabilities.

By being able to play on any smooth surface people were able to compete using any means to ensure their stones reach the target, including pushers and ramps – which provided plenty of fun.

New Age Kurling is one of the fastest growing sports in the world, being played in 47 countries around the globe. Enthusiasts are also confident it will become a paralympian sport by 2012, so Northern Ireland is well placed to begin searching for a future champion.

## **8. Nothing But High Performance Sport For Northern Ireland**

High performance sport in Northern Ireland was given a huge boost in September 2005 with the launch of the multi-million pound Sports Institute Northern Ireland (SINI) at the University of Ulster, funded by the Sports Council Northern Ireland Lottery.

The Sports Council also awarded a capital grant of £7.94m to the University of Ulster towards the building of a new High Performance Centre; a total investment of £13.7m into high performance sport - the biggest ever single investment into Northern Ireland's sporting future.

Welcoming the announcement, University of Ulster's acting Vice-Chancellor Professor Richard Barnett commented: "This is a historic day for sport in Northern Ireland".

The Sports Council for Northern Ireland recognises the importance of raising the standards of sporting excellence by offering top sports performers appropriate facilities and coaching.

This institute aims to provide specialist services and key facilities for able bodied and disabled, and international and national sportsmen and women. This will enable them to improve their competitive capacity within the world's sporting arena; thus preparing them for major competition including European and World championships, Commonwealth Games, and ultimately the Olympic Games.

## **9. The Jubilant Knights**

September also saw two teams made up of members of the Knights Wheelchair Basketball club represent Northern Ireland at the Great Britain Regional Championships, which were held in Stoke Mandeville, birthplace of the Paralympic Games.

The U15s beat the best in Britain, Wales, to take the Great Britain title. Knight's head coach Jason Kennedy admitted this was one of the proudest moments of his coaching career. He said: " This is such an important achievement for these kids, only four years ago we took them to a tournament in Liverpool and we were just happy if they managed to get the ball up the court and take a shot once in a game, now they are British Regional Champions, its just fantastic."

This was truly a great win for the club, and the future of wheelchair basketball in Northern Ireland is now looking more prosperous.

#### **10. 'Raising The Stakes' At The All Ireland Sports Development Conference**

In October 2005 the Sports Council for Northern Council joined forces with the Irish Sports Council to host the All Ireland Sports Development Conference aptly entitled 'Raising the Stakes'.

Northern Ireland Sports Minister David Hanson MP, and the Irish Minister for Arts, Sports and Tourism, John O'Donoghue TD, jointly opened the All-Ireland Sports Development Conference, held in Naas, County Kildare.

David Hanson MP said: "This conference comes at a very important time in the development of sport in Northern Ireland. The hosting of the Olympic and Paralympic Games in London 2012, the possibility of a new multi-sport stadium in Northern Ireland and the development of a new Strategy for Sport to take us through the next decade represent major opportunities and challenges for us."

This year's title "Raising the Stakes" seemed fitting; it was as much about raising the stakes on the track or field as it was for sporting organisations. It emphasized the significance and benefits of encouraging young people to participate in sport and inspiring them to achieve the highest performance level that will leave a legacy for the future. It brought home the reality of the real stakes and the challenges facing us all.

#### **11. New Investment At Community Level**

A new investment programme for sport, 'Sport in Our Community', was launched in November 2005.

The Sports Council recognises that sport and recreation play an important part in the community and in tackling a range of social problems. Sport can present an opportunity to engage young people in a positive alternative not just in terms of participation in activities, but across a range of social exclusion issues including education, employment and training, community leadership and healthy lifestyles. Building community participation can raise the spirits of those in the community.

The Sports Council recognises its role in providing vision and strategic leadership for sport. It is committed to delivering tangible outcomes that benefit the sporting community and wider society.

## **12. A First In Sports Development**

Lisburn City Council received the 'Quest Accreditation Award' for Sports Development in Northern Ireland. The Quest Award defines industry standards and good practice.

Lisburn City Council was the first Northern Ireland organisation to apply for the Quest Sports Development Award and, following a successful review by Quest assessors, received its award in November 2005.

Chief Executive of the Sports Council for Northern Ireland, Eamonn McCartan, added: "It is a great achievement for Lisburn City Council. The Quest Sports Development Accreditation is very difficult to attain and it is a credit to the staff and volunteers of the Sports Development department within Lisburn City Council."

## **13. Emphasis On Sport And Physical Activity To The Youth**

In November a 'Your Play Sport' facility at Rathenraw Integrated Primary School was officially opened for business by Dame Mary Peters - one of Northern Ireland's best known athletes.

The new facility comprises an outdoor sports pitch with a polymer surface suitable for community games, football, hockey, netball, basketball and Gaelic games.

The Principal of Rathenraw Integrated Primary School, Henry McClements said: "Your Play Sport will be a great asset to local schools and also to the wider community, providing an area for young people fulfill their sporting and recreational ambitions."

Speaking about the facility, the Chief Executive of the Sports Council for Northern Ireland, Eamonn McCartan stated that "this facility will provide a great incentive for the schools and community representatives of Antrim to put an emphasis on sport and physical activity for the young people of the area."

## **14. Safety First**

In December 2005 the Sports Minister David Hanson MP, led a debate in Parliament on the draft Safety of Sports Grounds (Northern Ireland) Order 2005.

The aim of the legislation is to introduce a safety certification scheme for sports grounds with a capacity for more than 5,000 spectators and for spectator stands with a capacity of more than 500.

The Sports Minister David Hanson MP stated: "This draft Order will introduce new safety standards for spectators at all sports grounds and bring Northern Ireland into line with Great Britain. £9 million will be provided through the Sports Council, over the next three years, to assist sports grounds with the implementation of the Stadia Safety Scheme."

The Stadia Safety Programme, first launched in March 2005, aims to ensure the safety and comfort of spectators.

## **15. The Sports Council Bid A Final Farewell To George Best**

November was a sad month for football fans as Northern Ireland lost one of its most talented sportsmen – George Best.



## **16. A Presidential Visit**

In January 2006 the Sports Council was honoured to receive a visit from Mary McAleese, President of Ireland.

President Mary McAleese visited the House of Sport and met with Professor Eric Saunders, Chairman of Sports Council, members, staff and a number of Northern Ireland's most promising sports athletes from the Sports Institute for Northern Ireland.

The purpose of the visit was for the President to learn about the Sports Council's plans for the promotion of sport participation and excellence, particularly in the run up to the Olympics in 2012 in London.

Professor Eric Saunders, Chairman of the Sports Council, said: "The 2012 Olympics will have a major impact across the island as a whole and we look forward to working closely with our colleagues in the Irish Sport Council to ensure the Olympics act as a catalyst for encouraging and enthusing more people, especially young people to get involved in sport."

## **17. Tollymore Mountain Centre – A Real Winner**

The Sports Council for Northern Ireland's National Centre for Mountaineering and Canoeing Activities, Tollymore Mountain Centre, received an award for 'The Best Outdoor Centre in NI Award' at the Outdoor Adventure Show in Dublin.

This award recognises 'achievements, excellence and contributions to the Irish Outdoors and Adventure Sports'.

Tollymore Mountain Centre is Northern Ireland's National Centre for mountaineering and canoeing activities. The centre continually operates a very high standard of service, provides a wide variety of exciting courses and trips, and is managed by professionals in every area, from administration and catering, to the actual instructors themselves.

## **18. Sporting Support**

In February the Sports Council were delighted to support the Irish Indoor Athletics Championships. The Sports Council for Northern Ireland believes it is vital to inspire people to participate in sport, and events such as these provide athletes with the opportunity to further develop their performance and aim for that level of international competition.

Since London won the bid to host the Olympic Games in 2012, Northern Ireland realises the importance of focusing on talent identification and development of athletes who will hopefully be competing for a place at the Games.

## **19. The Midnight Hour**

An exciting new initiative in the form of 'Midnight Street Soccer' was unveiled to communities in February 2006. After a successful pilot period, Sport Relief agreed to grant £350,000 to facilitate the expansion of Midnight Street Soccer in communities all across Belfast.

This is a community football programme for young people aged 8 to 17, but it is about much more than just football; it is about the development of sport and the development of communities.

For thousands of young people, Friday and Saturday nights will never be the same. Up until Midnight, Midnight Street Soccer will be delivering a wide range of programmes across the city, and will be using sport to address problems within communities.

## **20. Olympics Ambassador Provides Inspiration To NI Youth**

March 2006 saw the launch of the Sports Council Youth Games, with the 2012 Olympics Ambassador Lord Sebastian Coe OBE paying a visit to Belfast.

Talented young athletes were able to perform for Lord Sebastian Coe OBE and he commented: "I wish the 4000 competitors much success in their chosen sport and congratulate the Sports Council in organising the facilities, volunteers and teams and for hosting this vital preparation in a young athletes' career."

Professor Eric Saunders, Chairman of the Sports Council, welcomed Lord Coe. "This is a great honour for the Sports Council. As an accomplished athlete he is a great inspiration to the young athletes. As a business leader he and his fellow Olympic bid team members have secured the greatest show on earth to be right on our doorstep. These Sports Council Youth Games competitors are aged between 12 and 16 and it is possible, we have a young Olympian in our midst. Many previous Youth Games competitors have gone on to compete at County and international level including Commonwealth Games competitor Melanie Nocher."

## **21. £50m Investment For Top Sports Facilities**

Sports Minister David Hanson MP announced in March that £50 million pounds was to be spent on elite facilities for Northern Ireland Olympic sports before 2010.

The money will be allocated through a series of bid competitions which will be handled by the Strategic Investment Board Ltd (SIB) and the Sports Council for Northern Ireland.

This further illustrates Northern Ireland's involvement in supporting the London 2012 Olympic and Paralympic Games, and in doing so Northern Ireland will be in a better position to attract large sporting events in the run up to 2012.

This also maintains the focus of developing sport and sports people.

## **22. Equality In Sport All Year Round**

An 'Intercultural Week' in Northern Ireland was promoted in March, to encourage all sporting organizations to commit to working towards racial equality in sport all year round – the aim being to create a world of sport in which all people can participate in watching, playing and managing sport without facing racial discrimination of any kind.

The overall theme of Intercultural Week was to further highlight the importance of participation in sport, and that sport is for EVERYONE.

## **23. Making A Difference In The Community**

In association with the Sunday Life, the Sports Council launched the Merit Awards scheme in 2005. It allows people to nominate special individuals who people who go that extra mile to help develop sport in their community; club players, teams, coaches and officials – people who have given their time and energy to make a difference through sport. The winners for 2005/06:

- Olcan McFetridge (Coach) - Recognition for his commitment to hurling and, in particular his dedication to youth development within hurling.
- Malachy McAleer / Sean Curneen (Founder members of Youth Sport Omagh) - Acknowledgment of their time and commitment to the development of sport in Omagh.
- David Toney (Senior Coach at Ballymena Club) - Twenty-five years of developing Ju-Jitsu in Northern Ireland.
- Mike McClure (Ardnabannon Outdoor Education Centre Tollymore Mountain Centre) - Involvement in canoesport, resulting in a major impact in the development of canoeing both locally and nationally, particularly with young people.
- Establishment of Seaboard Canoeing Association, a club for young people in the South Down area.
- Sean O'Donnell (Regional Co-ordinator for Ten Pin Bowling and Head Coach for Team Ulster) - Dedication to coaching young people and encouraging their development as athletes.
- Eamon Deeny (Founder of Carryduff Colts FC) - Passion for developing cross-community sport.
- Priscilla McGreevy (St Galls GAC) -Determination to see St Galls GAC to go from strength to strength.

### **Significant Changes in Fixed Assets**

The movement on fixed assets is set out in note 7 to the financial statements. There were no significant changes during the year. The net book value of the fixed assets decreased from £553,814 to £454,506 following a number of new additions to fixed assets and a depreciation charge of £153,499 for the year. A number of assets were also disposed of during the year due to being obsolete.

The Valuation and Lands Agency carried out a revaluation of the buildings at Tollymore Mountain Centre on 1 April 2003. The net book property value at this date was £320,367.

### **Retained Funds at the Year End**

The reserves have a deficit of £325,575 (2004/05 deficit of £264,277).

### **Post Balance Sheet Events**

There have been no significant events since the year-end that would affect these accounts.

### **Research and Development**

The Sports Council commissioned a number of research projects in 2005/06. These included:

- Women in Sport Leadership; and
- Facilities Planning Model.

The Sports Council continues to work with DCAL to ensure evaluation methodology is incorporated within the Community Sport project.

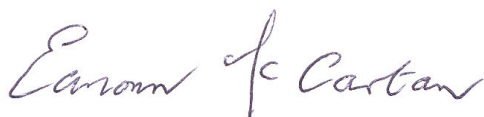
## **Future Developments**

The significant developments the Sports Council will focus on in the year 2006 - 2008 are:

- New governing body planning process which will operate through to 2009;
- A new athlete support initiative to be launched;
- Continued implementation of the modernisation programme for Sports Council funded governing bodies of sport;
- Continued delivery of the Big Lottery funded community programme;
- Continued delivery of the safety in sports grounds programme;
- A review of the Sports Council's capital investment programme;
- A review and compilation of a new strategy for the development of sport in Northern Ireland;
- A new bursary scheme for performance services supporting athletes to be launched;
- A management organisational review of SINI to be completed and implemented;
- Preparation group for 2010 Commonwealth Games in India (India 10) to be established and operational.

## **Audit**

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



**Eamonn McCartan**  
**Chief Executive and Accounting Officer**  
**Sports Council for Northern Ireland**

**Date: 26 June 2008**

## **Remuneration Report**

### **Remuneration Policy**

The remuneration of senior civil servants is set by the Prime Minister following independent advice from the Review Body on Senior Salaries.

In reaching its recommendations, the Review Body has regard to the following considerations:

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

The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations.

The remuneration of all senior civil servants is entirely performance based. Senior staff pay awards are determined by the Northern Ireland Civil Service (NICS) Remuneration Committee.

Further information about the work of the Review Body can be found at [www.ome.uk.com](http://www.ome.uk.com).

Within the Sports Council, the Chief Executive is employed on terms analogous to Senior Civil Service Grade 5, while all other executive directors are employed analogous to Grade 7.

The Sports Council Staffing Committee is responsible for approving the Chief Executive's salary and assessing his performance. Its membership is made up of the following Council Members:

- Professor E Saunders (Chairman)
- Ms M Muldoon
- Ms H Brady; and
- Dr A Hamill.

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

### **Service Contracts**

Sports Council staff appointments are made in accordance with the Sport Council Recruitment and Selection Policy and Procedures, which requires appointment to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.

Unless otherwise stated below, the officials covered by this report hold appointments, which are open-ended until they reach the normal retiring age of 65. Policy relating to notice periods and termination payments is contained in the Sports Council Staff Handbook and individual Contracts of Employment.

Eamonn McCartan, Chief Executive was appointed in June 1994. This position is permanent within the definition above as are the executive director positions.

### **Salary and Pension Entitlements (*Audited Information*) – Senior Staff**

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

<b>Employee</b>	<b>2005-06</b>		<b>2004-05</b>	
	<b>Salary £'000</b>	<b>Benefits in kind £</b>	<b>Salary £'000</b>	<b>Benefits in kind £</b>
Eamonn McCartan <i>Chief Executive</i>	125-130 (includes salary arrears from prior years)	154	105-110 (includes salary arrears from prior years)	154
Shaun Ogle <i>Director of Performance</i>	45-50	154	45-50	154
Nick Harkness <i>Director of Participation</i>	45-50	154	45-50	154
Andrew Sloan <i>Director of Corporate Services</i>	45-50	319	40-45	154

### **Council Members Emoluments**

The Chairman and Vice-Chairman of the Sports Council received honoraria totalling £14,037 (2004/05: £10,754) and £3,500 (2004/05: £3,500) respectively in 2005/06. The cost of the Vice-Chairman's honorarium was apportioned to the Lottery Distribution Account. No emoluments were paid to other Sports Council members in respect of Lottery activities. The Sports Council does not pay any pension contributions on behalf of the Chairman or Vice-Chairman.

### **Salary**

'Salary' includes gross salary; performance pay or bonuses any allowance, such as London Weighting Allowances, to the extent that it is subject to UK taxation. This report is based on payments made by the Sports Council and thus recorded in these accounts.

### **Benefits in kind**

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the Inland Revenue as a taxable emolument. Each individual received a benefit in kind of £154, which relates to luncheon vouchers. The Director of Corporate Services also received a benefit in kind for £165 relating to professional fees for the ACCA.

### **Sports Council Pensions**

The Sports Council participates in the Northern Ireland Local Government Officers' Superannuation Committee Scheme (NILGOSC) and made contributions for 70 employees during the year (13 were employed for part of the year).

The NILGOSC scheme is a 'multi-employer', defined benefit scheme, which provides members of participating employers with the benefits related to pay and services at rates which are defined under statutory regulations. To finance these benefits, assets are accumulated in the scheme and held separately from assets of the employers. The scheme is funded by employers participating in the NILGOSC scheme who pay contributions at rates determined by an independent professionally qualified actuary on the basis of regular valuations using the projected unit method. During the year ended 31 March 2006 the Sports Council contributed 8.5% of pensionable salary. The scheme is contributory with members of staff paying 6% of pensionable salary.

Contributions for the year are disclosed in note 6 to these accounts.

Employee	Pensionable Earnings	Real increase in pension and related lump sum at age 60	Accrued pension at age 60 as at 31/3/06 and related lump sum	CETV at 31/3/05	CETV at 31/3/06	Real increase in CETV
	£	£	£	£	£	£
Eamonn McCartan <i>Chief Executive</i>	79,202	4,201 plus 12,603 lump sum	24,905 plus 74,716 lump sum	325,119	415,046	83,736
Shaun Ogle Director of <i>Performance</i>	49,945	690 plus 2,071 lump sum	12,531 plus 37,592 lump sum	153,057	171,669	15,627
Nick Harkness Director of <i>Participation</i>	49,945	602 plus 1,805 lump sum	13,554 plus 40,661 lump sum	152,594	169,252	13,657
Andrew Sloan Director of Corporate Services	45,919	579 plus 1,738 lump sum	4,441 plus 13,323 lump sum	43,391	52,530	8,279

The above figures do not include salary accruals.

### *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 Civil Service pension arrangements and for which the CS Vote has received a transfer payment commensurate with the additional pension liabilities being assumed.

They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

**Real increase in CETV**

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

A handwritten signature in dark ink, reading 'Eamonn McCartan'. The signature is written in a cursive style with a large initial 'E' and a stylized 'M'.

**Eamonn McCartan**  
**Chief Executive and Accounting Officer**  
**Sports Council for Northern Ireland**

**Date: 26 June 2008**



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

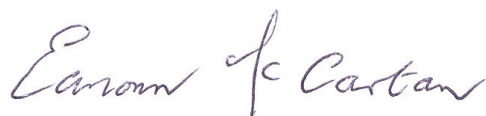
The Sports Council is required to prepare a statement of accounts for each financial year in accordance with the Recreation & Youth Service (Northern Ireland) Order 1986 and accounts direction given by DCAL and with the approval of the Department of Finance and Personnel.

The financial statements are prepared on an accruals basis and must show a true and fair view of the state of affairs of the Sports Council's activities at the year-end and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

In preparing the financial statements the Sports Council is required to:

- observe the accounts direction issued by DCAL on behalf of the Secretary of State for Culture, Media and Sport (formerly National Heritage), including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis;
- observe the current version of the Government Financial Reporting Manual (FReM);
- make judgments and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the body will continue in operation.

The Accounting Officer for DCAL has designated the Chief Executive of the Sports Council as the Accounting Officer for the Sports Council. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the finances for which he is answerable and for the keeping of proper records, are set out in the Non-Departmental Public Bodies' Accounting Officer Memorandum issued by the Northern Ireland Department of Finance and Personnel, the guidance contained within 'Government Accounting Northern Ireland' also issued by the Department of Finance and Personnel (DFP).



**Eamonn McCartan**  
**Chief Executive and Accounting Officer**  
**Sports Council for Northern Ireland**

**Date: 26 June 2008**

## **Statement on Internal Control**

### **Scope of Responsibility**

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Sports Council's policies, aims and objectives, whilst; safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting Northern Ireland; and ensuring compliance with the requirement of Sports Council's Management Statement, Financial Memorandum and Statement of Financial Requirements.

The Sports Council's Management Statement sets out the relationship between DCAL and the Sports Council, and defines the financial and administrative framework within which the Sports Council operates. It also sets out the conditions on which grant-in-aid is paid to the Sports Council and the delegations within which the Sports Council operates.

The Sports Council's Financial Memorandum, which should be read in conjunction with the Management Statement, sets out the framework for the management and control of the finances of the Sports Council. It sets out the terms and conditions under which DCAL allocates grant-in-aid to the Sports Council out of monies provided by NI Assembly or UK Parliament. These terms and conditions are in addition to, and not in substitution for, any guidelines or directions issued by DCAL on the exercise of any individual functions, powers and duties of the Sports Council.

The Management Statement and Financial Memorandum have been approved by the Minister for Culture, Arts and Leisure, DFP and the Public Service Improvement Unit OFM/DFM.

The Sports Council also adheres to best practice as per the Lottery Financial Directions. These directions are currently incorporated within the Sports Council's Management Statement and Financial Memorandum.

I act in accordance with both the Sports Council's Management Statement and Financial Memorandum, and the DFP Memorandum, "The Responsibilities of an NDPB Accounting Officer", which sets out my responsibilities. My responsibilities include ensuring that the Sports Council produces a three-year corporate plan and an annual business plan within the timescales set by DCAL. The plans are reviewed regularly by senior management and by the Sports Council to determine progress. Quarterly accountability meetings are held with officials from DCAL, to also monitor progress.

### **The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives, it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the 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 system of internal control has been in place in the Sports Council for the year ended 31 March 2006 and up to the date of approval of the annual report and accounts, and accords with the HM Treasury Guidance.

## **Capacity to Handle Risk**

The senior management team takes responsibility for applying and overseeing the application of the risk management process primarily to ensure that it is operating as intended, to challenge the content of the risk registers and enable myself to report on the process to the Sports Council. In addition to reviewing the risk framework, all recommendations received from both the internal and external auditors are reviewed, with controls being enhanced or introduced as necessary.

All staff are expected to work within the Sports Council's policies on risk management; alert management to emerging risks or control weaknesses; participate fully in the risk management process; and assume responsibility for risks and controls within own areas of work.

As part of their performance appraisal all staff formally identify specific training needs relating to their roles each year. The training needs may include areas relating to risk management. All training needs are collated into an overall training plan for the Sports Council, which is delivered throughout the year. In 2005/06 the Sports Council continued with training of relevant staff in the grant administration processes. The Grant Skills Training Programme, delivered by the Chartered Institute of Public Finance and Accountancy/Institute of Public Finance Northern Ireland and accredited by the Institute of Administrative Management, was completed in June 2006. This will result in a Certificate in Management Practice (Grant Skills), equivalent to NVQ level 3, for participating staff or in a Diploma in Management Practice (Grant Skills), equivalent to NVQ level 4, for members of staff who complete additional modules.

To ensure that staff have ready access to the financial procedures and requirements in place within the Sports Council, guidance was placed on the intranet during the year. In addition to the Sports Council's financial procedures the intranet also contains other policies within the Sports Council e.g. the Anti Fraud and Corruption Policy, Gifts, Benefits and Hospitality Policy, Whistleblowing etc. During 2006/07 the Sports Council intends to put the Standing Orders and the recently revised Management Statement and Financial Memorandum on the intranet.

Sports Council members attended induction training on their roles and responsibilities following their appointment in July 2003. Audit Committee members will be undertaking additional update training on their roles and responsibilities within the Audit Committee in 2006/07.

## **The Risk and Control Framework**

### **1. Risk Management Policy and Register**

The Sports Council has an established risk management policy (the Policy), which covers all the Sports Council's activities. The Policy explains the underlying approach to risk management, documents the roles and responsibilities of Sports Council, the Accounting Officer, Heads of Unit, Operations Group, staff and the Audit Committee. It also outlines key aspects of the risk management process, and identifies the main reporting procedures. In particular the Policy outlines the inextricable link between risk management and the corporate and business planning process.

The Policy is subject to regular revision as the risk management process becomes embedded throughout the Sports Council and will be updated to reflect the changing environment of the Sports Council as required.

The Sports Council has a risk register in place which identifies the key risks facing the Sports Council. These have been categorised under 9 broad headings. The risk register details management's assessment of the key risks and associated controls, and actions required to mitigate these risks. Each risk has been assessed, for its severity and for the effectiveness of the controls currently operating.

The risk register is also presented to the Audit Committee each year and in future years it will become a standing item on the Council's agenda.

## 2. Investment Policy

The Sports Council throughout the year operated its Investment Policy, which is designed to ensure the Sports Council:

- Complies with the Department for Finance and Personnel's requirements for the Sports Council, as a Non-Departmental Public Body to adhere to the Northern Ireland Preface to The Green Book (Guidance for Northern Ireland Departments on the Appraisal, Evaluation, Approval and Management of Policies, Programmes and Projects) and satisfy public accountability requirements;
- Applies the principle of proportionate effort, thus ensuring that undue burden is not placed on applicants or indeed Sports Council staff; and
- Improves the efficient and effective operation of the Sports Council activities, ensuring best practice and consistency across the organisation. The business case methodology, being used to define problems and find solutions to offer the best value for money for the Sports Council. The risk management process provides the Sports Council with an increased understanding of risks, thus improving decision-making to adapt to changes and avoid failures. The monitoring and evaluation process provides lessons to improve the decision-making process and justifies the case for increased expenditure in sport.

The three specific policies implemented throughout the Sports Council were as follows:

- The SCNI Business Case Policy – designed to outline policy recommendations for the formal use of Business Case methodology in all Sports Council investments.
- The SCNI Risk Management Policy – designed to outline policy recommendations for the formal framework for risk assessment and management in all Sports Council investment decisions, particularly at a programme and project level.
- The SCNI Monitoring Policy – designed to outline policy recommendations for the formalisation of a monitoring and evaluation framework at a corporate, programme and project level.

In 2006/07 the Sports Council will continue to work via its investment policy.

### 3. Conflict of Interests

The Sports Council operates a Conflict of Interest policy. Throughout the year the Sports Council has abided by the procedures for handling potential conflicts of interest between its members and its officers and organisations submitting projects. These procedures include maintenance of a register of interests. Sports Council members or officers declaring any direct interest in grant applications exclude themselves from the assessment and decision-making process.

### 4. Fraud

The Sports Council has an approved Anti Fraud and Corruption policy. The document explains the steps that must be taken where fraud is suspected or discovered and provides guidance specifically regarding attempts at multiple application fraud with the preventative measures detailed. The Sports Council also operates a computerised database of all awards funded and applications received. Users can identify the number of applications/value of awards made to an organisation. Alerts may be placed on the system to ensure users are aware of any issues/problems particular to an organisation, before progressing further with funding.

### 5. Value for Money

The Sports Council ensures it applies value for money principles in all of its practices. This is carried out at the top level via the investment policy that intentionally covers value for money within the production of business cases for funding. The Sports Council also includes value for money during tendering exercises for the procurement of goods/services and in the sharing of administration functions with other bodies.

### **Review of Effectiveness**

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

The Sports Council and DCAL undertook a process of reviewing the SCNI Management Statement with the aim to ensure it complied with DFP guidance, best practice and to ensure it remained robust. The revised document has been agreed between Sports Council and DCAL.

The Sports Council continues to review its programmes and procedures in order to ensure that it meets appropriate standards, best practice and continues to work towards efficiencies. This will continue in 2006/07 via reviewing policies and procedures, training programmes and reassessing contractual agreements.

The Sports Council discharges its responsibility for reviewing the system of internal control through its Audit Committee. The Audit Committee met on 4 occasions during the year and received reports from both the Sports Council's external auditor for the year ending 31 March 2005 and its internal auditor for the year 2005/06. The Audit Committee reported back to the Sports Council following each of its meetings.

At the end of the financial year 2004/05, a successful appointment was made to the role of joint Arts Council for Northern Ireland and Sports Council internal auditor. The appointee has been making good progress and has reported that internal audit activity during 2005/06 concludes that the operations of the Sports Council are well controlled when assessed against established assurance criteria.

The Sports Council has a risk register in place that is reviewed regularly by the senior management team. It is also reviewed by the Audit Committee annually and the last review took place in August 2005.

Throughout the year I obtain assurance from senior managers, based on information and reports produced by them. I am satisfied that systems of internal financial control were adequate in 2005/06.

*Exceptional*

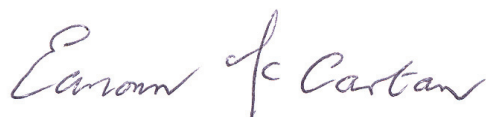
The Sports Council has a procedure in place to ensure that all losses are appropriately handled and reported to DCAL. There were no losses identified during the year 2005/06.

However, in late August 2006 the Sports Council undertook an audit of its joint venture company Sports Institute Northern Ireland (SINI). The SINI is a registered company limited by guarantee. On the basis of misinformation being provided to the Sports Council's audit team and a number of issues regarding accounting practices a member of staff within the company raised concerns with senior management. An investigation took place and the Sports Council was formally informed in September 2006 that a fraud had occurred.

Sports Council implemented its fraud policy and informed Department of Culture Arts and Leisure, Department of Culture Media and Sport, Northern Ireland Audit Office and Police Service Northern Ireland. The matter is presently still under going investigation however the main factors which enabled the fraud to take place included:

- Banking Online – inappropriate segregation of duties, lack of communication between administrators of the banking on line facility; and
- Internal audit not carrying out its work during the year.

Sports Council has undertaken a forensic audit of the joint venture company to determine the exact value of the fraud. The fraud has been calculated to be £75,041. The Sports Institute Northern Ireland is attempting to recover all monies in relation to the fraud. To date £64,591 has been recovered. Sports Council has also obtained approval from DCAL to permit Sports Council to underwrite 50% of any loss and the UU has agreed to underwrite the remaining 50%.



**Eamonn McCartan**  
**Chief Executive and Accounting Officer**  
**Sports Council for Northern Ireland**

**Date: 26 June 2008**

## **The Certificate and Report of the Comptroller and Auditor General to the Northern Ireland Assembly**

I certify that I have audited the financial statements of the Sports Council of Northern Ireland for the year ended 31 March 2006 under the Recreation and Youth Service (Northern Ireland) Order 1986 . These comprise the Income and Expenditure Account, the Balance Sheet, the Cashflow Statement and Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them.

### **Respective Responsibilities of the Council, Accounting Officer and Auditor**

The Council and Accounting Officer are responsible for preparing the Annual Report and the financial statements in accordance with the Recreation and Youth Service (Northern Ireland) Order 1986 and Department of Culture, Arts and Leisure directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of the Council's and Accounting Officer's Responsibilities.

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

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Recreation and Youth Service (Northern Ireland) Order 1986 and Department of Culture, Arts and Leisure directions made thereunder. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I also report to you if, in my opinion, the Annual Report is not consistent with the financial statements, if the Sports Council of Northern Ireland has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by relevant authorities regarding remuneration and other transactions is not disclosed.

I review whether the statement on page 23 to 27 reflects the Sports Council of Northern Ireland's compliance with the Department of Finance and Personnel's guidance on the Statement on Internal Control, and I report if it does not. I am not required to consider whether the Accounting Officer's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Sports Council of Northern Ireland's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the Background Information, the Management Commentary and the unaudited part of the Remuneration Report. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

## **Basis of audit opinion**

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

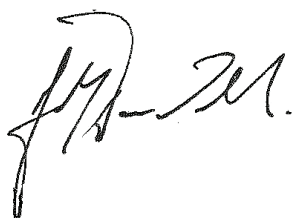
I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement,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

## **Opinion**

In my opinion:

- the financial statements give a true and fair view, in accordance with the Recreation and Youth Service (Northern Ireland) Order 1986 and directions made thereunder by the Department of Culture, Arts and Leisure, of the state of the Sports Council of Northern Ireland's affairs as at 31 March 2006 and of its deficit for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Recreation and Youth Service (Northern Ireland) Order 1986 and Department of Culture Arts and Leisure directions made thereunder; and
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

See also my report on page 51 .



**J Dowdall**  
**Comptroller and Auditor General**

**Date: 1 July 2008**

**Northern Ireland Audit Office**  
**106 University Street**  
**Belfast BT7 1EU**



## Income and Expenditure Account

### For the year ended 31 March 2006

	Notes	2006 SCNI £	2006 SINI £	2006 GROUP £	2005 SCNI £
<b>Income</b>					
Grant from the DCAL	2	6,785,981	-	6,785,981	5,940,896
Grant from Other Activities	3	53,973	281,065	335,038	390,640
Income From Activities	4	1,109,294	13,789	1,123,083	562,271
Income from Lottery	4	628,367	-	628,367	519,961
Other Income	5	72,543	490	73,033	75,865
<b>Total Income</b>		<b>8,650,158</b>	<b>295,344</b>	<b>8,945,502</b>	<b>7,489,633</b>
<b>Expenditure</b>					
Staff Costs	6	2,305,543	186,512	2,492,055	2,137,844
Depreciation	7	153,324	175	153,499	177,594
Grants	8	4,991,374	-	4,991,374	3,920,764
Other Operating Costs	8	1,261,215	108,657	1,369,872	1,257,173
Notional Costs	9	21,387	-	21,387	35,371
<b>Total Expenditure</b>		<b>8,732,843</b>	<b>295,344</b>	<b>9,028,187</b>	<b>7,528,746</b>
<b>Deficit for the Year</b>		<b>(82,685)</b>	<b>-</b>	<b>(82,685)</b>	<b>(39,113)</b>
Notional Costs	9	21,387	-	21,387	35,371
<b>Amount Transferred to Reserves</b>		<b>(61,298)</b>	<b>-</b>	<b>(61,298)</b>	<b>(3,742)</b>

## Statement of Total Recognised Gains and Losses

### For the year ended 31 March 2006

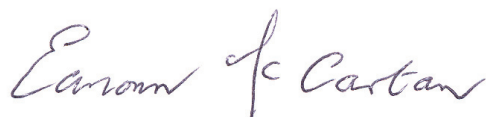
	Notes	2006 £	2005 £
<b>Deficit for the Year</b>		<b>(82,685)</b>	<b>(39,113)</b>
Unrealised Surplus on the Revaluation of Fixed Assets	18	21,149	33,005
<b>Total Recognised Loss for the Year</b>		<b>(61,536)</b>	<b>(6,108)</b>

*All amounts above relate to continuing activities.*

*The notes on pages 33 to 48 form part of these accounts.*

## Balance Sheet as at 31 March 2006

	Notes	2006 SCNI £	2006 SINI £	2006 GROUP £	2005 SCNI £
<b>Fixed Assets</b>					
Tangible Assets	7a	399,829	3,486	403,315	430,605
Intangible Assets	7b	51,191	-	51,191	123,209
		<u>451,020</u>	<u>3,486</u>	<u>454,506</u>	<u>553,814</u>
<b>Current Assets</b>					
Stock	10	111	-	111	4
Debtors and Prepayments	11	601,632	29,624	631,256	444,926
Grants Receivable	11	1,535,637	-	1,535,637	2,636,287
Cash at Bank and in Hand	12	385,488	32,861	418,349	176,787
		<u>2,522,868</u>	<u>62,485</u>	<u>2,585,353</u>	<u>3,258,004</u>
<b>Creditors: Amounts Falling Due within One Year</b>	13	<u>1,373,935</u>	<u>65,971</u>	<u>1,439,906</u>	<u>1,046,306</u>
Net Current Assets		1,148,933	(3,486)	1,145,447	2,211,698
Total Assets less Current Liabilities		<u>1,599,953</u>	<u>-</u>	<u>1,599,953</u>	<u>2,765,512</u>
<b>Provisions</b>	14	1,535,637	-	1,535,637	2,636,287
<b>Total Assets less Total Liabilities</b>		<u><b>64,316</b></u>	<u><b>-</b></u>	<u><b>64,316</b></u>	<u><b>129,225</b></u>
<b>Financed By</b>					
<b>Accruals and Deferred Income</b>					
Deferred government grants	17	256,139	-	256,139	280,899
<b>Reserves</b>					
Income & Expenditure Reserve	18	(325,575)	-	(325,575)	(264,277)
Revaluation Reserve	18	133,752	-	133,752	112,603
		<u><b>64,316</b></u>	<u><b>-</b></u>	<u><b>64,316</b></u>	<u><b>129,225</b></u>



**Eamonn G McCartan**  
**Chief Executive and Accounting Officer**  
**Sports Council for Northern Ireland**

**Date: 26 June 2008**

The notes on pages 33 to 48 form part of these accounts.

## Cash Flow

### as at 31 March 2006

	2006 SCNI £	2006 SINI £	2006 GROUP £	2005 £
<b>Net Cash Inflow from Operating Activities</b>	<b>214,082</b>	<b>36,522</b>	<b>250,604</b>	<b>305,095</b>
<b>Capital Expenditure</b>				
Purchase of Fixed Assets	(29,381)	(3,661)	(33,042)	(164,152)
Disposal of Fixed Assets	-	-	-	8,568
<b>Net Cash Inflow/(Outflow) before Financing</b>	<b>184,701</b>	<b>32,861</b>	<b>217,562</b>	<b>149,511</b>
<b>Financing</b>				
Capital Grants from DCAL	24,000	-	24,000	74,000
<b>Increase/(Decrease) in Cash</b>	<b>208,701</b>	<b>32,861</b>	<b>241,562</b>	<b>223,511</b>

### Notes to the Cash Flow Statement

#### 1. Reconciliation of Movement in Funds to Net Cash Inflow/(Outflow) from Operating Activities

	2006 SCNI £	2006 SINI £	2006 GROUP £	2005 £
Deficit for the Year	(82,685)	-	(82,685)	(39,113)
Depreciation	153,324	175	153,499	177,594
Profit on Disposal of Assets	-	-	-	(7,792)
Notional Cost of Capital	21,387	-	21,387	35,371
Deferred Grant Income	(54,142)	-	(54,142)	(54,980)
Decrease/(Increase) in Stock	(107)	-	(107)	78
(Increase)/Decrease in Debtors	957,284	(29,624)	927,660	(1,628,802)
Increase/(Decrease) in Creditors	(780,979)	65,971	(715,008)	1,822,739
<b>Net cash Inflow from Operating Activities</b>	<b>214,082</b>	<b>36,522</b>	<b>250,604</b>	<b>305,095</b>

#### 2. Reconciliation of Net Cash Flow to Movement in Net Debt

	2006 SCNI £	2006 SINI £	2006 GROUP £	2005 £
Cash in Bank and in Hand at 1 April	176,787	-	176,787	(46,724)
Net Cash Inflow/(Outflow)	208,701	32,861	241,562	223,511
<b>Cash in Bank and in Hand at 31 March</b>	<b>385,488</b>	<b>32,861</b>	<b>418,349</b>	<b>176,787</b>

The notes on pages 33 to 48 form part of these accounts.

## **Notes to the Accounts**

### **For the year ended 31 March 2006**

#### **1. Accounting Policies**

##### *1.1 Basis of Accounting and Consolidation*

The financial statements have been prepared in accordance with the historical cost convention as modified by the revaluation of fixed assets to current costs. The current costs of any of the year's transactions or closing balances, with the exception of land and buildings, is not considered to be materially different from the historic cost. In addition these financial statements have been prepared in accordance with the Recreation and Youth Service (Northern Ireland) Order 1986 and directions made thereunder by DCAL.

Without limiting the information given, the financial statements comply with the accounting and disclosure requirements of the Companies (Northern Ireland) Order 1986, the accounting standards issued or adopted by the Accounting Standards Board and accounting and disclosure requirements issued by the Department of Finance and Personnel, insofar as those requirements are appropriate.

The financial statements include the results of the following body up to the 31 March:

- Joint Venture – the Sports Institute Northern Ireland is an entity in which Sports Council holds a long term interest and which is jointly controlled by the Sports Council and the University of Ulster under a contractual agreement. It is a registered company limited by guarantee. The results of this joint venture are accounted for using the gross equity method of accounting.

##### *1.2 Basis of preparation*

The accounts are prepared in a form directed by DCAL as approved by the Department of Finance and Personnel.

##### *1.3 Income*

Income is accounted for on a receivable basis and is matched to the expenditure that it finances. All revenue grant-in-aid from DCAL and other sources is taken to the income and expenditure account for the year to which it relates. Capital grant-in-aid from the DCAL is transferred to a deferred government grant account and an amount equal to the depreciation charge for the year is released to the deferred income account.

Fees or charges for services provided by the Council are determined in accordance with the Treasury's "Fees and Charges Guide".

A service level agreement operates between Sports Council Exchequer and Lottery. This covers corporate services provided and charged for: the figure shown as Service to lottery activities in note 4 does not include any amount for rent. No liability has been recognised for rental income due.

#### *1.4 Capital and Revenue Grants Payable*

Where a grant offer is made, a commitment for the value of the offer will be recognised in the balance sheet as a liability (grants outstanding). Where the period of the grant offer extends beyond the end of the Sports Council's accounting period, any element of the grant which falls after the balance sheet date is recorded as a deferred grant and carried forward in current assets to be expensed in the following year.

#### *1.5 National Lottery Costs*

The Sports Council is required to apportion between its Grant-in-Aid and National Lottery Distribution activities, the costs of services provided from its Grant-in-Aid budget that are directly and demonstrably used on Lottery functions and vice versa.

The costs so apportioned to the National Lottery Distribution activities will be paid from the Lottery Fund to the Grant-in Aid account.

#### *1.6 Research and Development*

Research and Development costs are written off as incurred and not carried forward as an asset.

#### *1.7 Fixed Assets and Depreciation*

Fixed assets are stated in the balance sheet at cost, after applying a capitalisation limit of £1,000 to individual items and pooling of items costing more than £500 and which in aggregate total more than £5,000, and after taking into account the costs incurred in bringing the assets into use but not expenditure properly chargeable to the income and expenditure account. Depreciation has been provided using the straight line method so as to write off each asset, whether individual or pooled, over its estimated useful life. Depreciation is charged in full for the year in which the individual or pooled asset is acquired; no depreciation is charged in the year in which the individual or pooled asset is disposed.

Assets are depreciated over their useful lives as follows: -

Land & Buildings	24 Years
Information Technology (Hardware & Software)	3 Years
Fixtures & Fittings	5 Years
Specialised Sports Equipment	5 Years
Vehicles	4 Years

An impairment review is carried out annually and any loss in value is charged to the Income and Expenditure Account.

Rent payable under lease agreements negotiated is regularly brought up to current market rates through periodic reviews. Where no economic benefits of ownership accrue, a lease is considered to have the characteristics, not of a financial arrangement, but of the provision of a service and is not capitalised.

#### *1.8 Intangible Assets*

Intangible assets relate to the purchase of software and licences. These are included at cost and written off over a 3 year period, which is their useful economic life.

### *1.9 Operating leases*

Operating lease rentals are charged to the Income & Expenditure account in equal annual amounts over the lease term.

### *1.10 Notional Costs*

These financial statements make provision for the notional cost of capital employed by the Council. The Income and Expenditure account includes the notional cost of capital employed by the Council calculated as 3.5% of the average capital employed over the financial year. Auditor's notional remuneration is also included as a notional cost. Full details of these costs are given in note 9.

### *1.11 Pension Costs*

The pension cost in respect of employees is charged to the Income and Expenditure Account so as to recognise the cost of pensions over the employees' working lives.

### *1.11 Value Added Tax*

The Council does not reclaim VAT on purchases.

### *1.12 Debtors*

Debtors mainly arise from regular users of services at House of Sport and Tollymore Mountain Centre. Bad debt provision is assessed annually.

### *1.13 Year End Creditors*

Year-end creditors are recognised on the following basis:

- As at close of business 31 March - goods and/or services actually received, put into stock or used.
- The purchase ledger period twelve is closed off at the year end to facilitate the timely completion of the quarterly vat return. Invoices received after period twelve is closed off are accrued at Gross cost i.e. inclusive of all VAT.
- Purchase orders are not included as Creditors.

### *1.14 Stock*

Stock is stated at the lower of cost and net realisable value. Stocks of stationery are not included in the balance sheet since such stocks are incidental and deemed not to be material to the accounts.

**2. Grant from the Department of Culture, Arts and Leisure**

	<b>2006 SCNI £</b>	<b>2006 GROUP £</b>	<b>2005 £</b>
Exchequer Funding	6,636,959	6,636,959	6,105,000
Transfer of Capital Element to Deferred Income	(24,000)	(24,000)	(74,000)
Transfer from/(to) Deferred Income	88,505	88,505	9,896
Accrued Income	84,517	84,517	-
Capital Works – Capitalised by DCAL *	-	-	(100,000)
Total Grants from the Department of Culture Arts and Leisure	<u>6,785,981</u>	<u>6,785,981</u>	<u>5,940,896</u>

\* Refer to note 8.

**3. Grant from Other Activities**

	<b>2006 SCNI £</b>	<b>2006 GROUP £</b>	<b>2005 £</b>
Grant – Other Sources	<u>53,973</u>	<u>335,038</u>	<u>390,640</u>
Total Other Grants	<u>53,973</u>	<u>335,038</u>	<u>390,640</u>

**4. Income from Activities**

	<b>2006 SCNI £</b>	<b>2006 GROUP £</b>	<b>2005 £</b>
Sports Development	78,274	92,063	92,737
Tollymore Mountain Centre	185,468	185,468	214,154
Services to Partners	845,552	845,552	319,105
Air-conditioning Capitalised By DCAL *	-	-	(63,725)
Total Income from Activities	<u>1,109,294</u>	<u>1,1123,083</u>	<u>562,271</u>
Service to Lottery Activities	<u>628,367</u>	<u>628,367</u>	<u>519,961</u>

\* Refer to note 8.

**5. Other Income**

	<b>2006 SCNI £</b>	<b>2006 GROUP £</b>	<b>2005 £</b>
Transfer to Government Grant	54,142	54,142	54,980
Bank Interest Received	<u>18,401</u>	<u>18,891</u>	<u>20,885</u>
	<u>72,543</u>	<u>73,033</u>	<u>75,865</u>

## 6. Staff Costs

	<b>2006 SCNI £</b>	<b>2006 GROUP £</b>	<b>2005 £</b>
Gross Wages and Salaries	1,963,455	2,106,548	1,883,036
Social Security Costs	151,206	173,666	142,552
Other pension Costs	159,508	180,467	82,519
Temporary Staff Costs	31,374	31,374	29,737
Early Retirement Costs	-	-	-
Total	<u>2,305,543</u>	<u>2,492,055</u>	<u>2,137,844</u>

All the above staff costs were incurred by the Sports Council and a proportion recharged to the Lottery Distribution Account. The average number of full-time equivalent persons employed by the Sports Council and deployed on Exchequer duties was 76 (2004/05: 72 employees).

The average number of temporary staff employed during the year was 1 (2004/05: 1.5).

The Sports Council operates a special bonus scheme (see CSC 19/89), which makes provision for payments of special bonuses to reward exceptional performance in particularly demanding tasks or situations at any time in the year. These special bonuses take the form of taxable, non-pensionable, lump sum payments. Two awards totalling £1,750 were made in 2005/06, (2004/05: two awards totalling £2,250).

Under terms and conditions of service, staff are entitled to an issue of luncheon vouchers to the approximate value of 70p per day. The entitlement for full time staff is 55 vouchers per quarter issued quarterly in advance. Part time staff are entitled to luncheon vouchers on a pro rata basis to the full time equivalent.

### Chief Executive's Remuneration

The Chief Executive's total remuneration including employer's costs in 2005/06 was £127,776 (2004/05: £108,219). Salary for the Chief Executive includes back pay from previous years. He is an ordinary member of the Northern Ireland Local Government Officers' Superannuation Committee scheme. The Chief Executive was appointed in June 1994 for a contract period of five years. The contract was renewed in 1998 and is termed a permanent post.

As part of the Service Level Agreement with Sports Council Lottery the Chief Executive's time is now incorporated within the desk charge. In 2004/05: 10% of the Chief Executive's direct salary costs were apportioned to the Lottery Distribution Account, this amounted to £10,822.

### Council Members Emoluments

The Chairman and Vice-Chairman of the Sports Council received honoraria totalling £14,037 (2004/05: £10,754) and £3,500 (2004/05: £3,500) respectively in 2005/06. The cost of the Vice-Chairman's honorarium was apportioned to the Lottery Distribution Account. No emoluments were paid to other Sports Council members in respect of Lottery activities. The Sports Council does not pay any pension contributions on behalf of the Chairman or Vice-Chairman.



## Pension Costs

The Sports Council participates in the Northern Ireland Local Government Officers' Superannuation Committee Scheme (the NILGOSC scheme). The NILGOSC scheme is part of the Local Government Pension Scheme (LGPS) and is a multi-employer, defined benefit scheme. It is contracted out of the State Second Pension. Employees' contributions are fixed (mostly at the level of 6% of pay). Employers pay the balance of the cost of the scheme. The actual cost will not be known until the final pensioner dies, and employers' contributions are set to meet the expected cost of the benefit. The employers' contributions are reviewed at a series of three yearly valuation exercises. The actuarial valuation as at 31 March 2004 is one of the series. The key assumptions for the current valuation and previous valuation as at 31 March 2001 are set out below. The figures marked 'real' are net of assumed price inflation.

Financial Assumptions	Mar 2004 Unsmoothed		Mar 2001 Smoothed	
	% p.a. Nominal	% p.a. Real	% p.a. Nominal	% p.a. Real
Discount rate per retirement	6.3%	3.4%	6.4%	4.1%
Discount Rate post retirement	6.3%	3.4%	5.4%	3.1%
Pay Increases	4.4%	1.5%	3.8%	1.5%
Price Inflation/Pension Increases	2.9%	-	2.3%	-

An approximate summary of the Market value of the Fund's assets as at 31 March 2004 was £2,156m (31 March 2001 - £2,293m). The Sports Council's share of the underlying assets and liabilities were not identifiable at this date.

The valuation revealed that the ongoing funding level of the Fund on the 31 March 2004 was 85% (31 March 2001- 121%). The shortfall of assets compared to the past service liabilities was £392.1m. The shortfall of assets over the past service liabilities requires the employer's contribution rated to be increased by 4.2% of pensionable pay to a rate of 17.3% of pay if recovery of the deficit is targeted over a period of 20 years. Employers have agreed to phase in the contribution rise over a period of up to six years.

Contributions for the year were as follows:

	2006 SCNI £	2006 GROUP £	2005 £
Employers	117,812	132,152	78,879
Employees	160,251	166,870	107,370
<b>Total</b>	<b>278,063</b>	<b>299,022</b>	<b>186,249</b>

**7a. Fixed Assets - Tangible**

	<b>Buildings</b>	<b>Specialist Sports Equipment</b>	<b>Furniture and Fittings</b>	<b>Motor Vehicles</b>	<b>Computer Equipment</b>	<b>Total SCNI</b>	<b>Total GROUP</b>
	£	£	£	£	£	£	£
<b>Cost or Valuation</b>							
At 1 April 2005	423,062	44,087	58,820	49,321	199,265	774,555	774,555
Additions	13,340	-	-	-	14,279	27,619	31,280
Disposals	-	-	(1,715)	-	(19,098)	(20,813)	(20,813)
Revaluation	24,004	-	-	-	-	24,004	24,004
At 31 March 2006	460,406	44,087	57,105	49,321	194,446	805,365	809,026
<b>Depreciation</b>							
At 1 April 2005	85,118	19,476	42,408	35,458	161,490	343,950	343,950
Provided During Year	17,903	8,204	8,272	7,330	37,835	79,544	79,719
Backlog Depreciation	2,855	-	-	-	-	2,855	2,855
Disposals	-	-	(1,715)	-	(19,098)	(20,813)	(20,813)
At 31 March 2006	105,876	27,680	48,965	42,788	180,227	405,536	405,711
<b>Net Book Value</b>							
At 31 March 2005	337,944	24,611	16,412	13,863	37,775	430,605	430,605
At 31 March 2006	354,530	16,407	8,140	6,533	14,219	399,829	403,315

The Net Book Value of Buildings comprises:

	<b>2006 SCNI £</b>	<b>2006 GROUP £</b>	<b>2005 £</b>
Short Leasehold	<u>354,530</u>	<u>354,530</u>	<u>337,944</u>

Buildings refer to the Tollymore Mountain Centre, which were valued by the Valuation and Lands Agency (VLA) on 1 April 2003 at depreciated replacement cost of £320,367. The Centre will not be professionally valued again, as it will be written down over the next 3 years. This is due to a new centre being developed to replace the existing centre.

The leases entered into in respect of the land at Tollymore Mountain Centre and Altnadue Quarry have been expensed to the Income and Expenditure Account (see Note 15).

#### **7b. Fixed Assets - Intangible**

	<b>SCNI Computer Equipment £</b>	<b>Total GROUP £</b>
Cost or Valuation		
At 1 April 2005	341,538	341,538
Additions	<u>1,762</u>	<u>1,762</u>
At 31 March 2006	<u>343,300</u>	<u>343,300</u>
Depreciation		
At 1 April 2005	218,329	218,329
Provided During Year	<u>73,780</u>	<u>73,780</u>
At 31 March 2006	<u>292,109</u>	<u>292,109</u>
Net Book Value		
At 31 March 2005	<u>123,209</u>	<u>123,209</u>
At 31 March 2006	<u>51,191</u>	<u>51,191</u>

Fixed assets have been restated to show assets which are intangible separately.

**8. Operating Costs**

	<b>2006 SCNI £</b>	<b>2006 GROUP £</b>	<b>2005 £</b>
Travel & Subsistence	113,001	131,160	99,958
Recruitment	11,855	14,010	17,938
Training	43,740	43,740	57,550
Publications, Printing & Stationery and IT	64,717	70,393	58,371
Consumables			
Telephones & Postage	98,642	104,281	87,242
Professional Fees/Consultancy Fees	166,844	171,407	243,289
Repairs & Renewals *	87,855	98,537	123,113
(Profit)/Loss on Disposal of Fixed Asset	-	-	(7,792)
Quality Initiatives	1,900	1,900	1,692
Insurance	59,684	76,549	68,545
Rent & Rates	90,634	90,634	89,031
Heat & Light	44,604	44,604	36,233
Caretaking & Cleaning	39,585	39,585	39,460
Sundry Expenses	697	792	368
Committees, Receptions & Publicity	294,165	305,561	180,932
Promotions & Sponsorships	32,651	32,651	5,500
Photography	2,217	2,217	13,825
Information Services, Journals & Subscriptions	21,417	21,417	31,402
Sports Development	81,278	114,668	101,917
Coaches	5,441	5,441	6,845
Bank Charges	288	325	1,754
<b>Total Other Operating Costs</b>	<b>1,261,215</b>	<b>1,369,872</b>	<b>1,257,173</b>
<b>Total Grants</b>	<b>4,991,374</b>	<b>4,991,374</b>	<b>3,920,764</b>
<b>Total Costs</b>	<b>6,252,589</b>	<b>6,361,246</b>	<b>5,177,937</b>

Rent charged to the income and expenditure is based on a non-commercial arrangement with DCAL.

The deficit in the income and expenditure account is after charging:

	<b>2006 SCNI £</b>	<b>2006 GROUP £</b>	<b>2005 £</b>
Depreciation of owned assets:	153,324	153,499	177,594
Hire of land:	900	900	900
Hire of other assets:	6,699	6,699	6,494

\* On the instructions of DCAL £163,725 in 2004/05 was deducted from Repairs and Renewals, and £100,000 DCAL Income (see note 2) and £63,725 from Income from Activities (see note 4) for capital works at the House of Sport paid by the Sports Council. The capital works have been capitalised in DCAL's accounts.

**9. Notional Costs**

The income and expenditure account bears a non-cash charge for interest relating to the use of capital by the Sports Council. The basis of the charge is 3.5% (2004/05 – 3.5%) of the average capital employed by the Sports Council during the year, defined as total assets less total liabilities.

	<b>2006 SCNI £</b>	<b>2006 GROUP £</b>	<b>2005 £</b>
Notional Cost of Capital	3,387	3,387	3,723
Notional Auditors Remuneration	18,000	18,000	18,000
Notional Cost – Central Procurement Division	-	-	13,648
<b>Total Notional Costs</b>	<b>21,387</b>	<b>21,387</b>	<b>35,371</b>

**10. Stock of Luncheon Vouchers**

	<b>2006 SCNI £</b>	<b>2006 GROUP £</b>	<b>2005 £</b>
Opening Stock 1 April	4	4	82
Receipts	10,471	10,471	9,496
Issued to Staff	(10,364)	(10,364)	(9,574)
<b>Closing Stock 31 March</b>	<b>111</b>	<b>111</b>	<b>4</b>

**11. Debtors and Prepayments (Amounts Due Within One Year)**

<b>11 (a). Analysis by Type</b>	<b>2006 SCNI £</b>	<b>2006 GROUP £</b>	<b>2005 £</b>
Trade Debtors	54,418	55,281	126,318
Prepayments	63,324	63,454	88,435
Amount Owed by Lottery	245,093	266,431	140,782
Grant Clawback	30,495	30,495	64,501
Accrued Income	208,302	215,595	24,890
<b>Total Debtors and Prepayment</b>	<b>601,632</b>	<b>631,256</b>	<b>444,926</b>
 Grants Receivable	 1,535,637	 1,535,637	 2,636,287
<b>Total</b>	<b>2,137,269</b>	<b>2,166,893</b>	<b>3,081,213</b>

**11 (b). Intra Government Balances**

	<b>2006 SCNI £</b>	<b>2006 GROUP £</b>	<b>2005 £</b>
Balances with central government	88,669	88,669	-
Balances with local authorities	4,364	4,364	22,395
Balances with other government organisations	1,865,819	1,887,157	2,329,041
Balances with bodies external to government	178,417	186,703	729,777
	<b>2,137,269</b>	<b>2,166,893</b>	<b>3,081,213</b>

**12. Cash**

<b>Cash at Bank and in Hand</b>	<b>2006 SCNI £</b>	<b>2006 GROUP £</b>	<b>2005 £</b>
Bank	385,088	417,949	176,473
Petty Cash	400	400	314
<b>Total Cash at Bank and in Hand</b>	<b>385,488</b>	<b>418,349</b>	<b>176,787</b>

<b>Petty Cash Movement</b>	<b>2006 SCNI £</b>	<b>2006 GROUP £</b>	<b>2005 £</b>
Petty Cash – 1 April	314	314	400
Petty Cash – 31 March	200	200	314
<b>Net Movement in Petty Cash</b>	<b>114</b>	<b>114</b>	<b>86</b>

<b>Cash at Bank Movement</b>	<b>2006 SCNI £</b>	<b>2006 GROUP £</b>	<b>2005 £</b>
Cash at Start of Year	176,473	176,473	(47,124)
Net Cash Inflow/(Outflow)	208,615	241,476	223,597
<b>Cash in Bank at 31 March</b>	<b>385,088</b>	<b>417,949</b>	<b>176,473</b>

**13. Creditors (Amounts Falling Due Within One Year)**

<b>13 (a). Analysis by Type</b>	<b>2006 SCNI £</b>	<b>2006 GROUP £</b>	<b>2005 £</b>
Trade Creditors	80	18,956	(275)
Grant Creditor	971,342	971,342	505,863
Amount Due to Lottery	-	-	3,012
VAT	2,756	2,756	3,701
Other Tax and Social Security	-	7,277	-
Other Creditors	-	10,378	-
Accruals	166,733	196,173	152,954
Deferred Income	233,024	233,024	381,051
<b>Total</b>	<b>1,373,935</b>	<b>1,439,906</b>	<b>1,046,306</b>

**13 (b). Intra Government Balances**

	<b>2006 SCNI £</b>	<b>2006 GROUP £</b>	<b>2005 £</b>
Balances with central government	227,867	235,144	311,981
Balances with local authorities	101,611	101,611	35,241
Balances with other government organisations	-	-	48,125
Balances with bodies external to government	1,044,457	1,103,151	650,959
	<b>1,373,935</b>	<b>1,439,906</b>	<b>1,046,306</b>

#### 14. Provisions

	2006 SCNI £	2006 GROUP £	2005 £
Grants			
- Safety in Sports Grounds	-	-	547,632
- Big Lottery Fund	1,535,637	1,535,637	2,088,655
Total Provision at 31 March	<u>1,535,637</u>	<u>1,535,637</u>	<u>2,636,287</u>

#### 15. Leases

At 31 March 2006 the Sports Council had annual commitments under non-cancellable operating leases as set out below:

	2006		2005	
	Land & Buildings £	Other £	Land & Buildings £	Other £
Operating Leases which Expire:				
Within One Year	-	2,849	-	-
Within Two and Five Years Inclusive	-	1,546	-	6,699
Over Five Years	900	-	900	-
Total	<u>900</u>	<u>4,395</u>	<u>900</u>	<u>6,699</u>

The lease of land and buildings is subject to rent reviews every five years.

#### 16. Commitments

The Sports Council has made Stage I approvals under the Stadia Safety programme to the value of £5,940,920. These have not been recorded as a provision as they need to reach Stage II approval before they become a financial commitment.

There were no capital commitments as at 31 March 2006.

Amounts contracted but not provided in the financial statements total £NIL (2004/05: £NIL).

#### 17. Deferred Capital

Capital Allocations not yet released to income and expenditure account

	2006 SCNI £	2006 GROUP £	2005 £
At 1 April	(280,899)	(280,899)	(261,879)
Fixed Assets Purchased	(29,382)	(29,382)	(74,000)
Adjustment for Previous Year			
Disposal of Fixed Assets	-	-	-
Released to Income and Expenditure Account	54,142	54,142	54,980
At 31 March	<u>(256,139)</u>	<u>(256,139)</u>	<u>(280,899)</u>

# **18. Reconciliation of Movements in Reserves and General Fund**

	<b>Income and Expenditure Reserve £</b>	<b>Revaluation Reserve £</b>	<b>Total SCNI £</b>	<b>Total GROUP £</b>
At 1 April 2005	(264,277)	112,603	(151,674)	(151,674)
Transfer from I&E Account	(61,298)	-	(61,298)	(61,298)
Backlog Depreciation	-	(2,855)	(2,855)	(2,855)
Surplus on revaluation of fixed assets arising in year	-	24,004	24,004	24,004
At 31 March 2006	<u>(325,575)</u>	<u>133,752</u>	<u>(191,823)</u>	<u>(191,823)</u>

# **19. Contingent liabilities**

The Sports Council entered into an agreement with the Lottery Fund whereby the Sports Council must provide alternative equivalent office accommodation to the Lottery Fund in the event that the Sports Council moves office until 31 March 2006.

DCAL have approved Sports Council underwriting 50% of the loss which arose at the SINI. The loss of £75,041 arose due to fraudulent activity, and to date £64,591 has been recovered. The maximum amount of the liability will be £5,225. However, SINI is continuing to seek final recovery of the balance.

# **20. Related Party Transactions**

Several members of the Sports Council and key management staff are involved in sports organisations in Northern Ireland either directly or indirectly as a result of a family relationship, a close friendship or business relationship. They do not take part in discussions and decisions to make grant awards to those organisations with which they have a declared interest.

A list of awards made to the organisations concerned together with details of those who declared an interest is detailed below. All the transactions relating to these organisations were conducted at arms length by the Sports Council.



Sports Council for Northern Ireland Exchequer Account 2005-2006

The following transactions are considered to be disclosable Related Party Transactions in respect of Council Members and Senior Staff.

Grant	Organisation	Individual	Position	Relationship
4,040	Antrim GAA	J Darragh	Staff Member	Subscribing Member of GAA
4,040	Antrim GAA	B McCargo	Council Member	Former Player
120	Armagh GAA	J Darragh	Staff Member	Subscribing Member of GAA
36,952	Belfast City Council	J Rodgers	Council Member	Member of Council
23,796	Boys' Brigade Belfast Battalion	J Rodgers	Council Member	Honorary Officer
38,247	British Horse Society	D Gaston	Staff Member	Subscribing Member and Person Connected Subscribing Member
17,220	Brownlow Campus Sports Trust	J News	Staff Member	Previous Employee
324,741	CAAN	O Brown	Council Member	Director from the 23/6/04
46,161	Canoe Association Northern Ireland	T Fisher	Staff Member	Subscribing Member
46,161	Canoe Association Northern Ireland	O Hallissey	Staff Member	Subscribing Member
46,161	Canoe Association Northern Ireland	N Harkness	Staff Member	Subscribing Member
46,161	Canoe Association Northern Ireland	K O'Hara	Staff Member	Subscribing Member
59,786	Castlereagh Borough Council	J Gallagher	Council Member	Person Connected - Employee
235,441	Coaching NI	J Poots	Staff Member	Subscribing Member
235,441	Coaching NI	O Brown	Council Member	Senior Trainer
235,441	Coaching NI	M Murphy	Council Member	External Consultant
6,685	Creating Common Ground	S Ogle	Staff Member	Board Member
65,606	Derry City Council	C Logue	Council Member	Former Employee and Person Connected is an Employee
503	Glentoran Football Club	J Rodgers	Council Member	Honorary Officer
39,973	Irish Amateur Boxing	P Johnston	Staff Member	Subscribing Member
19,510	Irish Football Association	M Muldoon	Council Member	Executive Member
19,510	Irish Football Association	J Rodgers	Council Member	Former Honorary Officer
499,550	Irish Rugby Football Union	B McCargo	Council Member	Subscribing Member

Sports Council for Northern Ireland Exchequer Account 2005-2006

Grant	Organisation	Individual	Position	Relationship
5,143	Irish Women's Indoor Bowling Association	J Thompson	Staff Member	Person Connected – Former Subscribing Member
40	Linfield FC	K Boyles	Staff Member	Person Connected – Member
3,600	Lisburn City Council	J Poots	Staff Member	Person Connected – Employee
22,910	Mountaineering Council	T Fisher	Staff Member	Subscribing Member
22,910	Mountaineering Council	N Harkness	Staff Member	Perceived Interest
22,910	Mountaineering Council	K O'Hara	Staff Member	Subscribing Member
22,910	Mountaineering Council	J Waring	Staff Member	Subscribing Member
50,335	Netball	K Drennan	Staff Member	Person Connected – President
115,974	NI Athletic Association	D Seaton	Staff Member	Subscribing Member
115,974	NI Athletic Association	B McCargo	Council Member	Linked via Another Athletics Organisation
65,596	NI Cricket Association	J Waring	Staff Member	Person Connected – Member of Committee
57,046	NI Gymnastics	M Murphy	Council Member	Honorary Officer
24,850	North East Area Partnership	N Bowman	Staff Member	Previous Employee
19,484	NI Sports Forum	W A Strong	Council Member	Former Non-Executive Director - 2006
91,938	Royal Yachting Association	J Poots	Staff Member	Person Connected – Subscribing Member
-	Sheffield Hallam University	P Donnelly	Staff Member	Employee of Sheffield Hallam University is PHD Advisor
10,568	Special Olympics	B McCargo	Council Member	Former Chairman
54,542	UB Irish Hockey Association	W Brown	Staff Member	Member of UB Council May 2006 and Coach
54,542	UB Irish Hockey Association	O Brown	Council Member	Person Connected - Member
53,311	UB Irish Table Tennis Association	W A Strong	Council Member	Honorary Member/Performance Manager and Former Salaried Employee
1,296,656	Ulster Council GAA	J Darragh	Staff Member	Subscribing Member of GAA
1,296,656	Ulster Council GAA	A Hamill	Council Member	Subscribing Member
1,296,656	Ulster Council GAA	B McCargo	Council Member	Subscribing Member via Another GFC
35,743	Ulster Squash	J Poots	Staff Member	Subscribing Member
19,223	University of Ulster	O Brown	Council Member	External Consultant
19,223	University of Ulster	M Murphy	Council Member	Former Employee
35,420	Upper Springfield Development Trust	P Donnelly	Staff Member	Former Employee

**Other related parties include:**

The Sports Council is a Non-Departmental Public Body sponsored by DCAL. DCAL is regarded as a related party.

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

The Sports Council operates a Lottery Distribution Account in which awards are distributed. A number of recharges are made to the Lottery Distribution Account.

The Sports Council owns 50% of the Sports Institute Northern Ireland via a joint venture with the University of Ulster. The Sports Institute Northern Ireland and University of Ulster are both regarded as related parties.

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

**21. Losses During Year**

Bad debts were written off during the year of NIL (2005: NIL). There were no cash losses written off during the year (2005: NIL).

In September 2006 the Sports Council was formally informed of a fraud in its joint venture company SINI. Sports Council undertook a forensic audit of the company to determine the exact value of the fraud. The fraud was calculated to be £75,041 of which £14,587 took place in the financial year 31 March 2006 and £60,454 in the financial year 31 March 2007. Of the total fraud amount £64,591 has been recovered and it is anticipated that further monies may be recoverable. Sports Council has also obtained approval from DCAL to permit Sports Council to underwrite 50% of the loss and the UU has agreed to underwrite the remaining 50%.

**22. Derivatives and other Financial Instruments**

FRS13 requires disclosure of the role which financial instruments have had during the period in creating or changing the risks the Sports Council faces in undertaking its role.

The Sports Council does not use financial instruments to manage financial risks associated with its underlying business activities and the financing of those activities. Nor does it undertake any trading activity in financial instruments.

**23. Post Balance Sheet Event**

There have been no significant events since the year end, which would affect these accounts.

## **24. Sports Institute Northern Ireland**

The Sports Institute Northern Ireland is a 50%/50% joint venture between Sports Council and the University of Ulster. The company is limited by guarantee and the liability of the members is limited to £1 per member.

The core purpose of the Sports Institute Northern Ireland is 'to create an environment that nurtures and leads High Performance athletes and coaches through the provision of facilities, services and expertise.'

The Sports Institute Northern Ireland's accounting year end is the same as Sports Council and there are no material differences in accounting policies. The Sports Institute Northern Ireland obtains a majority of its funding via a Sports Council Lottery grant. At the year end 31 March 2006 there was no profit/loss for the year and nil net assets.

**ANNEX A**

**ACCOUNTS DIRECTION**

**SPORTS COUNCIL FOR NORTHERN IRELAND**

**ACCOUNTS DIRECTION GIVEN BY THE DEPARTMENT OF CULTURE ARTS  
AND LEISURE WITH THE APPROVAL OF THE DEPARTMENT OF FINANCE  
AND PERSONNEL**

The annual accounts shall give a true and fair view of the income and expenditure and cash flows for the financial year, and the state of affairs as at the year-end. Subject to this requirement the Sports Council for Northern Ireland shall prepare accounts for the financial year ended 31 March 2006 and subsequent financial years in accordance with:

- a. Government Financial Reporting Manual (FReM);
- b. other guidance which the Department of Finance and Personnel may issue from time to time in respect of accounts which are required to give a true and fair view;
- c. any other specific disclosures required by the Department;

except where agreed otherwise with the Department of Finance and Personnel, in which case the exception shall be described in the notes to the accounts.

Signed by authority of the Department of Culture, Arts and Leisure

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

**19 May 2006**

## **Report of the Comptroller and Auditor General**

### **Internal Fraud in the Sports Institute for Northern Ireland**

1. The Sports Institute for Northern Ireland is a company limited by guarantee and is a 50% /50% joint venture between the Sports Council of Northern Ireland and the University of Ulster. The accounts of the Sports Institute for Northern Ireland are consolidated with the accounts of the Sports Council of Northern Ireland to reflect the Sports Council's of Northern Ireland's ownership of 50% of the company.
2. During the period October 2005 to August 2006 a fraud took place within the Sports Institute for Northern Ireland. The fraud amounted to the theft of £75,041 from the Sports Institute for Northern Ireland. £14,587 related to the 2005-06 financial year and £60,454 to the 2006-07 financial year. The person responsible for the fraud was convicted of theft at Belfast Crown Court in October 2007 and was sentenced to eighteen months in prison, suspended for two years. £64,591 has been recovered and the Sports Council of Northern Ireland is pursuing further recoveries.
3. The Sports Council of Northern Ireland has drawn attention to this matter in Notes 21 and 24 of the financial statements for 2005-06 and also in the Accounting Officer's Statement on Internal Control.
4. I am examining this matter further and will report in more detail later.

**JM Dowdall CB**  
**Comptroller and Auditor General**

**1<sup>st</sup> July 2008**

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