

Department of Culture, Arts and Leisure
Resource Accounts
For the year ended 31 March 2006

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Finance and Personnel, in accordance with Paragraph 36
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for the year ended 31 March 2006**

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Annual Report

Introduction

The Department of Culture, Arts & Leisure was formed on 1 December 1999 to bring into one Department all the diverse activities in Northern Ireland Government that relate to culture, arts and leisure.

The Department's main responsibilities are:

- The central administration of arts and culture, museums, the creative industries, sport, certain visitor amenities and leisure.
- Policy development and support for the public library service.
- The regulation and development of inland fisheries and the provision of navigational and recreational facilities on inland waterways.
- Linguistic diversity.
- A coordinating role for all Lottery matters relating to Northern Ireland.
- The provision of mapping information by Ordnance Survey of Northern Ireland (OSNI).
- The preservation of and provision of public access to archival heritage by the Public Record Office of Northern Ireland (PRONI).
- The promotion of events to enhance the image of Northern Ireland.
- Funding and monitoring the work of a diverse range of public bodies which deliver services and provide grant aid to a large number of organisations.

The Aims and Objectives of the Department

The Vision of the Department is - A confident, creative, informed and vibrant community. This is achieved through the mission – *To protect and grow our cultural capital for today and tomorrow*. Cultural Capital is the culture, arts and leisure infrastructure, people, products and services supported by the Department.

In developing Cultural Capital, the Department promotes the connections between people and places, between participation and enjoyment, and, in doing so underpin social inclusion, social capital and the positive economic development of Northern Ireland.

In carrying out our mission the Department seeks value for money in the use of its human, financial, and other resources.

Principal Activities

The Department of Culture, Arts and Leisure

The Department's main activity is to support and develop Government policy on a very wide range of cultural and leisure activities. During 2005-06 the Department provided £86.2 million of grant-in-aid and other funding for 15 Non-Departmental Public Bodies and other sponsored organisations, which support and implement Government policy in their particular fields. The Department spent £13.8 million on administrative costs.

The principal bodies, which the Department supports, are listed in Note 2 to the accounts.

The Department's responsibility for voted expenditure is contained within a single *request for resource* which covers the Department's own running costs and the grant-in-aid allocated to our sponsored bodies.

Ordnance Survey of Northern Ireland (OSNI)

The Agency is responsible for the official surveying and topographical mapping of Northern Ireland.

The principal activities of OSNI are divided into three categories

1. Core – the Agency undertakes all surveys necessary for the maintenance of the archive of trigonometrical, levelling and topographical information of Northern Ireland and provides customers with information from the archive in forms most appropriate to their needs. These core activities are considered to be essential for the maintenance of the national infrastructure and for security and contingency purposes. Topographical maps and digital data at scales ranging from 1:1,250 to 1:250,000 are produced. The common address database, with over 800,000 georeferenced addresses in Northern Ireland, is maintained by OSNI in association with Valuation and Lands Agency, Royal Mail and Local Authorities.
2. Small Scales and Special Services – OSNI produces various small-scale maps, town plans and special products from the topographical database on a commercial basis to meet customers' demands. It may also undertake special surveys, cartographic and reprographic services and aerial photography under partnership agreements with other departments and with the private sector.
3. Administration of Crown Copyright – OSNI, alone in Northern Ireland, have delegated authority from Her Majesty's Stationery Office (now part of the Office of Public Sector Information) to administer and protect Crown Copyright in mapping. It does this through the issuing of publication permits and licences and the collection of copyright royalties.

Public Record Office of Northern Ireland (PRONI)

The principal activities of PRONI are divided into four categories

- 1) Records Management and Administration – covers the archival functions of appraisal, selection and acquisition of all records deemed worthy of permanent preservation, and the provision of records management advice to government and the wider public sector in relation to both traditional paper records and digital records.
- 2) Preservation – ensuring that proper conditions are maintained in the Agency for preserving records. There are three main areas of preservation – Conservation, Reprographics and Preservation (the latter relating to physical storage conditions). A developing area is preservation for access in relation to digital records.
- 3) Access and eCATNI Project – Access involves (i) co-ordinating the annual sensitivity review by which all non-sensitive official records are released to the public at the beginning of each calendar year, (ii) responding to official and public queries regarding access to all records in PRONI, and (iii) undertaking the archival processing (i.e., listing and indexing) of material. The Electronic Catalogue for Northern Ireland (eCATNI) Project involves quality assuring descriptive lists created over a period of more than 80 years and providing for their data capture in order to make them available on-line by early 2007.
- 4) User Services – providing a service for on-site visitors wishing to undertake research of the descriptive lists and in the archives themselves. Off-site users are catered for by answering information requests through e-mail and correspondence, the creation of resources accessible via the internet, publishing information leaflets and guides to sources and delivering lectures.

Directors' Report

Minister

The Secretary of State for Northern Ireland signed an Order on 14 October 2002 effectively suspending devolved Government in Northern Ireland from midnight that night. The Department's minister was Angela Smith MP until 9 May 2005 when David Hanson MP assumed this responsibility. Both are part of the Northern Ireland Office (NIO) Ministerial team.

Permanent Head of the Department and Executive Team

Paul Sweeney holds the position of permanent head of the Department. The following members of staff comprised the Executive Team during the year:

Paul Sweeney (from 26 March 2006)	Permanent Secretary
Aideen McGinley (to 20 February 2006)	Permanent Secretary
Edgar Jardine	Deputy Secretary (Acting Permanent Secretary 20 February 2006 to 26 March 2006)
Nigel Carson (to 04 April 2005)	Director
Mick Cory	Director
Colin Jack	Director
Damian Prince	Director
Gerry Slater	Chief Executive - PRONI
Stan Brown	Acting Chief Executive - OSNI

Entities within the Departmental Accounting Boundary

For the purposes of this account, the bodies within the Departmental accounting boundary during 2005-06 were as follows: -

- Ordnance Survey of Northern Ireland (OSNI)
- Public Record Office of Northern Ireland (PRONI)

OSNI was established as a Next Steps Executive Agency within the Department of Environment for Northern Ireland on 1 April 1992. On 1 December 1999 the Agency transferred to the Department of Culture, Arts and Leisure.

PRONI was established as a Next Steps Executive Agency within the Department of Environment for Northern Ireland on 1 April 1995. On 1 December 1999 the Agency transferred to the Department of Culture, Arts and Leisure.

Bodies outside the Departmental Accounting Boundary

The Department promotes and supports its policy aims and objectives largely through grant-in-aid and sponsorship payments to a number of public sector bodies, which are outside the Departmental Accounting Boundary. The main bodies involved are as follows.

1) Bodies Treated as Executive Non Departmental Public Bodies (NDPBs) Executive NDPBs

Arts Council of Northern Ireland
Fisheries Conservancy Board for Northern Ireland
National Museums Northern Ireland
Northern Ireland Museums Council
Sports Council for Northern Ireland

Education and Library Boards

Belfast Education and Library Board
North Eastern Education and Library Board
South Eastern Education and Library Board
Southern Education and Library Board
Western Education and Library Board

North/South Cooperation (Implementation) Bodies

North/South Language Body (incorporating the Ulster-Scots Agency and Foras na Gaeilge)
Waterways Ireland

2) Other Bodies

Armagh Observatory and Planetarium - Statutory Corporation
Northern Ireland Film and Television Commission – Limited Company
Northern Ireland Events Company – Limited Company

On 21 March 2006 the Secretary of State for Northern Ireland announced decisions taken in light of the *Review of Public Administration* in Northern Ireland. This will have significant implications for some of the Department's sponsored bodies over the next number of years. The Library Service is to be established as a single and separate regional authority. The Public Record Office of Northern Ireland will de-agentise and become a division within the Department. The Northern Ireland Events Company and Ordnance Survey of Northern Ireland are scheduled to move out of the Department. The functions of the Fisheries Conservancy Board will transfer to the Department. The functions of the Northern Ireland Museums Council will transfer to central and local Government. There will also be a number of minor changes to the functions of the Arts and Sports Councils for Northern Ireland.

Departmental Reporting Cycle

Under the terms of Resource Accounting and Budgeting, the Department is required to submit a Main Estimate and a Spring Supplementary Estimate which provide the basis on which the Northern Ireland Assembly or Parliament authorise resource consumption and associated financing requirements. The 2005-06 Estimates provided for expenditure on libraries (other than library services to schools), arts, the North/South Language Body, museums, the Public Record Office of Northern Ireland, Armagh Observatory and Planetarium, W5, the Northern Ireland Events Company, sports, inland fisheries, certain inland waterways (including payments to the Rivers Agency), Waterways Ireland, Ordnance Survey of Northern Ireland, administration and certain miscellaneous services, grants in aid to the education and library boards for certain library services, linguistic and cultural diversity and grants in aid to certain bodies, payments under the European Union Programme for Peace and Reconciliation, payments under the European Economic Area and provision for associated non-cash items.

Pension Liabilities

The Department is covered by the provisions of the Principal Civil Service Pension Scheme (Northern Ireland) (PCSPS (NI)) and bears the cost of pension provision for its staff by payment of an Accruing Superannuation Liability Charge (ASLC). The scheme is essentially non contributory and unfunded. Although the scheme is a defined benefit scheme, liability for payment of future benefits is a charge to the PCSPS (NI). The Department, its Agencies and other bodies covered by the PCSPS meet the cost of pension cover provided for staff they employ, by payment of charges calculated on an accruing basis. There is a separate scheme statement for the PCSPS (NI) as a whole.

Employees joining after 1 October 2002 could opt to open a partnership pension account, a stakeholder pension with an employer contribution.

Further information on the Department's responsibilities can be found in the Remuneration Report and in Note 9 on Page 43.

Important events which have occurred since the financial year end

There have been no significant events since the year end which would affect the results for the year or the assets and liabilities at year end.

Management Commentary

The Department of Culture, Arts and Leisure (DCAL) is a relatively small Government department but it has a very wide range of stakeholders and works through various NDPBs and other bodies to give effect to its vision of *A confident, creative, informed and vibrant community*.

DCAL is responsible for the provision of a wide range of services which can impact on all sections of society and have the potential to improve the quality of life of individuals and communities as well as developing social, economic and cultural capital.

The Department manages its activities through a coordinated Business Planning process which ensures that links are established between the Department's Public Service Agreement (PSA) and specific operational objectives as set out in the Priorities and Budget publications.

To further enhance Corporate Governance within DCAL, Risk Registers are maintained at both corporate and operational levels and these are integrated into the Business Planning process.

The Department seeks to continually develop its services. During 2005-06 work was carried out with partner organisations to promote and support culture, arts and leisure activities across DCAL's areas of responsibility. The services delivered by the Department's Agencies, OSNI and PRONI, and the funding provided to its NDPBs, resulted in a wide range of economic and social opportunities and benefits. These are illustrated below together with some key highlights from the year 2005-06.

Sport During the year the Department continued to make significant funding available for the development of sport and physical activity, through the Sports Council for Northern Ireland. This ranged from support for individuals in disadvantaged areas through the Community Sport Programme, to provision of high performance equipment in support of athlete development at the Sports Institute for Northern Ireland. New legislation on safety at sports grounds, the Safety at Sports Grounds (Northern Ireland) Order 2006, received Privy Council approval on 14th February 2006. In addition, the Sports Councils new Stadia Safety Programme has begun to distribute funding to bring sports grounds in Northern Ireland up to acceptable standards. Progress has also been made in the areas of the Soccer Strategy, where governance issues are being addressed with the Irish Football Association and in assessing the potential for a Multi-Sport Stadium for Northern Ireland. The Department also worked closely with the London 2012 Olympic bid team in promoting Northern Ireland's support for the bid.

DCAL, in partnership with the Sports Council, is developing a new Strategy for Sport for Northern Ireland. This will detail the vision and rationale for sport and establish key priorities and actions for the future development of local sport. The overall aim will be to produce a 10 year Strategy for Sport which reflects Government's policy and priorities for sport and with which key stakeholders can identify.

Arts and creativity continue to underpin our ability to innovate, create and exploit new economic opportunities and compete more effectively.

The Department secured £18m capital funding primarily to address deficiencies in the arts infrastructure in Belfast. An Arts Infrastructure Group was established, chaired by DCAL's Permanent Secretary, with representatives from the Arts Council, DSD, Laganside and Belfast City Council to oversee roll-out. To date the Minister has made 'in-principle' capital announcements for Grand Opera House (£2.5m), Lyric Players' Theatre (£6m), Crescent Arts Centre (£2.5m) and Old Museum Arts Centre (£4m) and North West Cultural Challenge Fund (£1m). The Department also contributed £50k to a temporary Black Box venue for the Celebrate Belfast event.

The Community Festivals Fund was launched on 13 February 2006 and is being administered by the NIEC. It has an annual budget, including NIEC administration costs, of £550k (£300k from DCAL and £250k from DSD). The main purpose of the Fund is to develop the capacity of community festivals, to enable organisations to celebrate their cultural identity, strengthen community relations and to encourage organisers to become less reliant on government funding. The new policy will also introduce more clarity, openness and fairness to the funding process.

A steering group led by DCAL and representing all NI government departments also began work on the development of a policy on Architecture and the Built Environment for Northern Ireland, and a process of public consultation on this issue was set in motion in April 2005. Consultation officially ended on the 30 June 2005. The breadth and depth of support and the constructive nature of the views expressed was encouraging. The comments were invaluable to the steering group in developing the final document, which will be launched in June 2006.

Smithsonian 2007 conference Introducing Northern Ireland's artists and performers to a wider audience creates new opportunities for them and provides a positive image of the region to other countries. Under Face to Face, DCAL has an International Strategy for showcasing, raising the cultural profile and supporting new products, and we work in partnership with a range of public bodies to achieve this. The invitation for Northern Ireland to be represented at the Smithsonian 2007 conference is an output of that work. The Smithsonian Institution's Folklife Festival is the largest cultural event in the Washington DC calendar. Northern Ireland will participate in this prestigious event in 2007. DCAL is responsible for coordinating Northern Ireland's contribution to the event. In order to build on the Folklife Festival and maximise the opportunities which it presents, a programme has been developed to include activities aimed at giving a much broader picture of a contemporary and innovative Northern Ireland than can be presented in the context of the Folklife Festival. The overall programme of events in Washington DC, starting with a launch in March 2007 and running through to the end of the Festival in July 2007, is known as "Northern Ireland @ DC 2007" and consists of NI's input to the Folklife Festival, a series of events/lectures under the Smithsonian Associates Programme and "Rediscover Northern Ireland" comprising a series of additional events and activities for which Northern Ireland will have sole responsibility, and which will take place between March and July 2007.

Museums play a key role in preserving our past and provide opportunities for learning, promoting and understanding cultural diversity, encouraging community identity and pride, and encouraging social cohesion. They are an important education and cultural resource, and are central to the concept of the Learning Strategy. They also have the potential to contribute to strengthening the local economy by attracting tourists. This was highlighted by the success of local bodies in this sector in the Northern Ireland Tourist Board (NITB) Awards. W5 won 'Best Visitor Attraction' and were highly commended for 'Marketing Excellence' and 'People Development'. The Ulster American Folk Park, at Omagh, was highly commended as 'Visitor Attraction of the Year' and for 'Area Tourism Initiative of the Year'.

The NITB also collate information on visitor numbers and the Ulster Museum appeared in the top 10 visitor attractions in Northern Ireland. W5 and the Ulster Folk and Transport Museum were placed at numbers 11 and 12 respectively.

Museums contribute substantially to the cultural capital in Northern Ireland. Two major refurbishment projects are currently underway to improve facilities at two major Northern Ireland attractions. The Ulster Museum will close in late 2006 for a major programme of refurbishment, while the Armagh Planetarium's refurbishment is nearing completion and will re-open in summer 2006.

The Armagh Observatory has also continued its high standard of international academic research with the opening this year of the South African Large Telescope (SALT), in which the Observatory has a stake. This is the largest telescope in the southern hemisphere.

In support of museums the Department provided £15 million to fund development and running costs and £3.5 million to fund capital projects in 2005-06.

Libraries remain an important cultural resource, accounting for 31.4% of DCAL's annual budget. Libraries are an important resource for informal learning, literacy and contribute to economic development while promoting social inclusion, community development and good relations. During the year two new libraries were opened in Finaghy and Lisburn and work commenced on new libraries in Belfast and Cookstown. All 113 static libraries and most mobile libraries now provide the public with free access to the Internet and to a range of Information and Communication Technology (ICT) services. Education and Library Boards also provide courses and activities to help people gain basic skills in the use of ICT. The Department produced a policy framework for libraries ('Framework for Change') which was issued for public consultation. The deadline for response was 31 January 2006. The Framework sets out practical guidelines for the development of a library service for the future providing an important opportunity to develop a modern, high quality service to meet the needs of users.

Fisheries The Department continues to progress its ongoing strategy to conserve, protect and improve stocks of salmon, eels and freshwater fish through the Salmon Management Plan, conservation and protection measures delivered by the Fisheries

Conservancy Board and interactions with other Government Departments and Bodies in the delivery of improved water quality and fish habitats.

During the year the Department in partnership with the Loughs Agency obtained grant aid of over £350,000 from the European Free Trade Association for salmon habitat improvement works on a number of catchments. The Department has also distributed EC support for angling and water recreation development projects through the payment of £1,310,000 in grant aid funded under the Water Based Tourism Measure of Peace II during the year.

Further enhancement and development of the Public Angling Estate was undertaken and a website with on-line permit purchasing facilities developed and launched. Improved service and promotion were reflected in a 6% increase in the number of permits sold for the 2005 fishing season against a target of 2%.

During the year the EU published a draft regulation to reduce the commercial degradation of eel stocks and address the migratory problems facing eels which are in serious decline. Member States are expected to introduce eel basin management plans by 2007 ensuring that 40% of mature eels from each basin escape to the sea to spawn. The Department, having consulted the eel industry, has commenced the preparation of management plans.

In March 2006 the Review of Public Administration included the announcement of a decision to abolish the Fisheries Conservancy Board (FCB). The Department will be taking forward the necessary action to wind-up the FCB and in particular to determine how its statutory functions can best be carried out in the future.

Waterways The Department continues to administer an annual Water Recreation Programme, amounting to £480,000 in 2005-06, aimed at developing the recreational and navigational potential of the Northern Ireland's inland waterways. Applicant organisations, primarily local authorities, are encouraged to work in partnership with the Department in the provision of water recreation facilities, such as riverside paths, for public use. Funded projects are required to have an identifiable strategic value and contribute to the Department's commitment to provide at least 5 kms of new or improved access for disabled persons each year.

North/South Implementation Bodies DCAL continued to work closely with our counterparts in the Republic of Ireland to support both the Language Body and Waterways Ireland. With facilitation provided by our colleagues in the Joint Secretariat of the North South Ministerial Council, the governance, financial framework and business planning procedures of both bodies have been progressed through the year in partnership with the Finance Departments (North and South).

Waterways Ireland The Department, together with the Irish Department of Community, Rural and Gaeltacht Affairs (DCRGA), has responsibility for Waterways Ireland. Waterways Ireland is responsible for the management, maintenance, development and restoration of inland navigable waterway systems throughout the island of Ireland, principally for recreational purposes and is committed to the retention and enhancement of our world-class waterways and their unique richness and diversity. During the year Waterways Ireland took forward preliminary

feasibility and socio-economic studies on the potential restoration of stretches of the Ulster Canal.

Language Body A revised Financial Memorandum and Financial Assistance Schemes have been implemented by the Agencies of the Language Body. Both Agencies comprising the Language Body (Foras na Gaeilge and the Ulster-Scots Agency) continue to promote, encourage, educate and support groups, organisations and individuals working in the field of language development and Ulster-Scots culture. They also facilitate those who want to learn and use the Irish and Ulster-Scots languages in every day life, and provide financial support for relevant teaching material and literature.

Other Linguistic Initiatives

Irish Language Broadcast Fund - The Fund was launched formally by the Minister in September 2005 and continues to produce encouraging viewing figures having disbursed £2.55m to production companies to date. The first Irish language programme funded by the Irish Language Broadcast Fund was aired on RTE on Christmas Day 2005. The interim evaluation criteria for the Fund has been approved by DFP and this is scheduled to be completed in June 2007.

Ulster Scots Academy - the Joint Declaration committed the Government to take steps to encourage support to be made available to an Ulster Scots Academy. Funding of £12m has been announced. In June 2005 the Minister announced that an Implementation Group had been set up to make recommendations on the establishment of an Academy involving governance, staffing, location and a detailed business plan. The Group will present their proposals in May 2006 for consideration by the Department.

Sign Language Partnership Group continued to receive high participation from the deaf community in Northern Ireland. Sub Groups have met several times to discuss and agree the content of the Raising Awareness Exhibition and the Best Practice Guidance on Providing Public Services to Deaf People who use British Sign Language or Irish Sign Language which was endorsed by the Secretary of State, the Minister and Permanent Secretaries Group and to agree the content of the business case to assess the need and demand of sign language tutors and interpreters in Northern Ireland.

Grants were provided to the Royal National Institute for the Deaf (RNID), the Council for the Advancement of Communication with Deaf People, the British Deaf Association and Hands That Talk to undertake work supporting the ongoing sign language policy development.

The launch of the Raising Awareness Exhibition and Best Practice Guidance on communication with deaf people is due to take place in July 2006. This event will be alongside an RNID-led event on the road in recognition of British Sign Language and Irish Sign Language and will involve all major stakeholders representing the deaf community in Northern Ireland.

Council of Europe Charter on Regional or Minority Languages

The Department continues to lead an Interdepartmental Charter Implementation Group (ICIG) which works to promote and coordinate action across Departments in Northern Ireland to comply with the Government's obligations under the Charter relating to the Ulster-Scots and Irish languages. During the year officials met with the Council of Europe's Committee of Experts (COMEX) as part of the Committee's biennial visit to the UK to monitor the UK Government's compliance with the Charter.

Gaeltacht Quarter - the Joint West Belfast/Greater Shankill Task Force Report recommended that a Gaeltacht Quarter be developed and that a Development Board be established to oversee delivery. Subject to final approval from the Integrated Development Fund, funding will provide for the setting up and secretarial costs of a Gaeltacht Quarter Development Company, together with consultancy assistance to produce a development plan with mapping exercise, a marketing plan and a lead in capital development at Culturlann. When completed the development and marketing plans should provide the Development Company with the basis for engaging with potential investors in the Quarter.

Minority Ethnic Languages - the Department is facilitating and servicing the Northern Ireland Race Forum Thematic Group on Language which is a partnership between the public sector and voluntary and community organisations examining the language and communication needs that minority ethnic communities have in accessing public services. The group has completed its research and is currently collating its report. It is hoped that the group will present its proposed strategy to the Race Forum at its June 2006 meeting.

Northern Ireland Events Company (NIEC) In carrying out its role supporting international and local events the NIEC continues to contribute to a positive image of the region, promote social cohesion and foster economic benefits. Northern Ireland holds an excellent record for securing world class events and DCAL is committed to providing funding through NIEC to develop capacity and invest in attracting prestigious events. During the year a number of world class events were hosted, including the UEFA Under 19 European Football Championship, ICC Trophy Cricket, Water Ski World Cup, Supermoto World Championship, European Pipe Band Championship, Motocross World Championship and Rally Ireland.

The Review of Public Administration decision enables NIEC to be transferred to the Northern Ireland Tourist Board (NITB) by 2008. The Department will be involved in discussions with NITB & DETI to ensure that this transfer is completed smoothly. In the meantime the Department remains committed to ensuring that NIEC continues to attract top class events to Northern Ireland.

Ordnance Survey for Northern Ireland (OSNI) - During the year all data collection staff within the Photogrammetry and Field Survey groups completed training on the Mapping Information Database And Survey system (MIDAS). The system integrates Global Positioning Systems (GPS) and Electronic Distance Measurement (EDM) technologies with hand-held tablet PC's and enables OSNI surveyors to complete their work in a more efficient and cost-effective manner than was possible with the former system.

The updating of OSNI map data is now managed by a computerised workflow system known as STAR. STAR has facilitated increased efficiencies in OSNI survey activities by targeting topographic change for survey and prioritising survey work to better meet customer requirements.

The completeness and quality of Pointer, the Northern Ireland address maintenance hub (www.pointer-ni.gov.uk), was improved during the year, with 23 councils now providing data to the Pointer team or inputting data directly to the system. Use of Pointer data has significantly increased within the Public Sector.

A key step in increasing the use of Geographic Information (GI) and Geographic Information Systems (GIS) within the NICS has been the development of the Northern Ireland Mapping Agreement (NIMA) which makes a comprehensive suite of OSNI products available to NICS Departments, Agencies, NDPB's and Local Councils.

Through continued support of the Northern Ireland e-Government fund work has progressed on the development of Mosaic pilot projects (www.mosaic-ni.gov.uk) and the formal launch of the Spatial Indicators project in November 2005 by the Minister.

In March 2006 the Secretary of State for Northern Ireland announced, as part of the Review of Public Administration (RPA), that OSNI would join with the Valuation and Lands, Rate Collection, and Land Registers Agencies in a new Land and Property Agency. The new Agency will come into effect in April 2008 and will result in OSNI transferring from DCAL.

The **Public Record Office of Northern Ireland (PRONI)** holds 54 kilometres of records that span public and private records and cover almost every subject imaginable. The records constitute what is frequently referred to as 'the documented community memory' and therefore have a particularly important role to play in informing the community about past events and experiences that moulded the present. The Agency attracts close to 15,000 on-site visitors each year with increasing numbers accessing information via the internet. The number of visits recorded to the PRONI website reached over 680,000 (up from the half-million mark in the previous year).

Comparison of outturn against estimate

As disclosed in the Statement of Parliamentary Supply the total Departmental budget for 2005-06 was £112,857k. Actual expenditure incurred during the year was £100,726k, with some 76% of the under spend due to delayed capital projects. The major variances were in respect of:

Fisheries: due to an increase in stock value of £240k coupled with the over-estimation of salaries and general administration of £262k offset by lower than anticipated angling income from permit sales of £112k.

Miscellaneous Library and other services: over spend of £191k due to an under-estimation of the administration allocation.

OSNI: under spend of £361k primarily relates to slippage on capital projects Cameo and Geo Hub, with work on these projects being deferred until 2006-07.

Waterways Ireland: Slippage on Waterways Ireland headquarters capital expenditure resulted in an under spend of £1.5m due to delays in the tendering process and in the recruitment of staff.

EU Programme for Peace and Reconciliation: under spend of £414k due to delays in obtaining planning permissions resulting in the delay of several projects.

Other Non-cash items: inter-departmental notional costs were some £407k lower than anticipated.

Arts Council of Northern Ireland: under spend of £1.5m due to procurement difficulties resulting in the delay of capital projects, coupled with slippage on the If Walls could Talk and Spectrum projects of £0.3m.

Sports Council of Northern Ireland: under spend of £1.4m largely relates to slippage on a number of programmes, namely Soccer Strategy (£530k) due to governance and accountability requirements; Safe Sports Grounds (£430k programme costs, £100k capital costs) due to timing issues with applications for planning permission; Tollymore Mountain Centre (£300k for legal fees) due to deferral of the project to 2007-08.

Fisheries Conservancy Board: under spend of £137k as a result of a delay in the payment of pension and insurance contributions £60k, staff redundancy costs £13k and conservation/environmental work £38k.

Education and Library Boards: under spend of £4.1m arose as a result of an over estimate of the capital cost of Lisburn City Library built under a Public Private Partnership agreement of £3m, coupled with slippage on several capital projects of £1.1m, including new library buildings in Belfast, Cookstown Library, Bangor Library and Disability Access work in the North-Eastern Education & Library Board region.

Executive Programme Funds: Slippage on Sports Development project of £300k, deferred to 2006-07.

European Economic Area: Under spend of £339k due to delays in obtaining landowners agreements and subsequently high water levels which prevented the completion of in river works. It is also against our policy to undertake river works during the period November to February as this would disturb spawning fish.

Employment of Disabled Persons

The Department does not discriminate against staff or eligible applicants for posts on any grounds, including disability. Job application forms have also been made available in alternative formats i.e. large print and audiotape. During the year the Department improved building access in compliance with the Disability Discrimination Act 1995.

Employee Involvement

The Department places considerable reliance on the involvement of its employees. It makes every effort to ensure that all staff are kept informed of plans and developments. This is done through meetings, team briefing, intranet, circulars and publication of corporate and business plans.

Staff have access to welfare services and trade union membership.

The Department uses the established Whitley process of staff consultation. The Whitley Council and Committees provide an agreed forum for discussion and are attended by both employer and trade union representatives. In this way, staff views are represented and information for employees is promulgated.

Equal Opportunities Policy

The Department is an equal opportunities employer. We do not discriminate against staff or eligible applicants for posts on the grounds of gender, marital status, race, colour, nationality, ethnic origin, religion, disability, age or sexual orientation. Every possible step is taken to ensure that staff are treated equally and fairly and that decisions on recruitment, selection, training, promotion and career management are based solely on objective and job related criteria. We actively pursue arrangements for flexible working patterns and are committed to creating a culture where individual differences are valued and respected. The Department does not tolerate any form of discrimination, harassment or victimisation. We are committed to providing a working environment where no one is disadvantaged.

Policy on Payment of Suppliers

The Department is committed to the payment of all invoices not in dispute within agreed contractual provisions or within 30 days of the presentation of a valid invoice (or delivery, if later). In the year ended 31 March 2006, 99.05% of invoices were paid within these limits.

Auditor

The financial statements are audited by the Comptroller and Auditor General for Northern Ireland (C&AG) in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001. He is head of the Northern Ireland Audit Office and he and his staff are wholly independent of the Department and reports his findings to Parliament.

The audit of the financial statements for 2005-06 resulted in a notional audit fee of £66,000 and is included in the administration costs in the operating cost statement.

So far as the Accounting Officer is aware, there is no relevant audit information of which the entity's auditors are unaware. The Accounting Officer has taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.



Paul Sweeney

Accounting Officer for the Department of Culture, Arts and Leisure

10 October 2006

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.

The Review Body also advises the Prime Minister from time to time on the pay and pensions of Members of Parliament and their allowances; on Peers' allowances; and on the pay, pensions and allowances of Ministers and others whose pay is determined by the Ministerial and Other Salaries Act 1975.

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. Permanent Secretaries pay awards are determined by the Northern Ireland Civil Service (NICS) Permanent Secretary Remuneration Committee.

Further information about the work of the Review Body can be found at www.ome.uk.com.

Service Contracts

Civil service appointments are made in accordance with the Civil Service Commissioners for Northern Ireland's Recruitment Code, which requires appointment to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.

Unless otherwise stated below, the officials covered by this report hold appointments, which are open-ended until they reach the normal retiring age of 60. Policy relating to notice periods and termination payments is contained in the Northern Ireland Civil Service (NICS) Staff Handbook.

Further information about the work of the Civil Service Commissioners can be found at www.nicscommissioners.org.

Salary and pension entitlements

The following sections provide details of the remuneration and pension interests of the Ministers and most senior officials of the department.

Ministers Salaries

During 2005-06 the Department of Culture, Arts and Leisure was under the direction and control of Angela Smith, MP until 9 May 2005 when she was replaced by David Hanson, MP. Their salaries and allowances were paid by the Northern Ireland Office or the Cabinet Office rather than the Northern Ireland Assembly. These costs have not been included as notional costs in the Operating Costs Statement in the same way as Devolved Minister's salaries. Details of the salaries and allowances for David Hanson, MP and Angela Smith, MP will be provided in the 2005-06 Northern Ireland Office Resource Accounts.

Ministerial pensions

Pension benefits for Westminster Ministers are provided by the Parliamentary Contributory Pension Fund (PCPF). The scheme is statutory based (made under Statutory Instrument SI 1993 No 3253, as amended).

Those Ministers who are Members of Parliament are also entitled to an MP's pension under the PCPF. The arrangements for Ministers provide benefits on an 'average salary' basis with either a 1/50th or 1/40th accrual rate, taking account of all service as a Minister. (The accrual rate has been 1/40th since 15 July 2002 but Ministers, in common with all other members of the PCPF, can opt to increase their accrual rate from 5 July 2001, or retain the former 1/50th accrual rate and the lower rate of employee contribution.)

Benefits for Ministers are payable at the same time as MPs' benefits become payable under the PCPF or, for those who are not MPs, on retirement from ministerial office on or after age 65. Pensions are increased annually in line with changes in the Retail Prices Index. Members pay contributions of 6% of their ministerial salary if they have opted for the 1/50th accrual rate. Those members who have opted for the 1/40th accrual rate are required to pay an increased contribution. The rate was increased from 9% to 10% from 1 April 2004. There is also an employer contribution paid by the Exchequer representing the balance of cost. This is currently 24% of the ministerial salary.

Senior Civil Servants

	2005-06	2004-05
Officials	Salary	Salary
	£'000	£'000
Mr Paul Sweeney <i>Permanent Secretary</i> (from 26 March 2006)	No cost incurred for 2005-06	No cost incurred for 2004-05
Dr Aideen McGinley <i>Permanent Secretary</i> (until 20 February 2006)	95-100	105-110
Mr Edgar Jardine <i>Deputy Secretary</i> (Acting Permanent Secretary from 20 February 2006 to 26 March 2006)	85-90	30-35 (Commenced 25 October 2004)
Mr Damian Prince <i>Director</i>	55-60	50-55
Mr Mick Cory <i>Director</i>	65-70	60-65
Mr Colin Jack <i>Director</i>	50-55	25-30 (Commenced 13 September 2004)
Mr Nigel Carson <i>Director</i> (until 4 April 2005)	Consent to disclosure withheld	Consent to disclosure withheld
Mr Stan Brown <i>Acting Chief Executive, OSNI</i>	60-65	No cost incurred in 2004-05
Mr Gerry Slater <i>Chief Executive, PRONI</i>	70-75	70-75

Salaries

'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 Department and thus recorded in these accounts.

No benefits in kind were received.

Civil Service Pensions

Officials	Accrued pension at age 60 as at 31/3/06 and related lump sum	Real increase in pension and related lump sum at age 60	CETV at 31/3/06	CETV at 31/3/05	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Mr Paul Sweeney <i>Permanent Secretary</i> (from 26 March 2006)	No cost incurred in 2005-06				
Dr Aideen McGinley <i>Permanent Secretary</i> (until 20 February 2006)	35-37.5 plus 107.5-110 lump sum	0 - 2.5 plus 0 - 2.5 lump sum	585	559	0
Mr Edgar Jardine <i>Deputy Secretary</i> (Acting Permanent Secretary from 20 February 2006 to 26 March 2006)	35-37.5 plus 110-112.5 lump sum	2.5 - 5 plus 10 - 12.5 lump sum	645	548	74
Mr Damian Prince <i>Director</i>	15-17.5 plus 50-52.5 lump sum	0 - 2.5 plus 5 - 7.5 lump sum	249	212	25
Mr Mick Cory <i>Director</i>	15-17.5 plus 50-52.5 lump sum	0 - 2.5 plus 5 - 7.5 lump sum	242	196	34
Mr Colin Jack <i>Director</i>	7.5-10 plus 27.5-30 lump sum	0 - 2.5 plus 5 - 7.5 lump sum	89	67	18
Mr Nigel Carson <i>Director</i> (until 4 April 2005)	Consent to disclosure withheld				
Mr Stan Brown <i>Acting Chief Executive, OSNI</i>	2.5-5 plus 7.5-10 lump sum	0 - 2.5 plus 2.5 - 5 lump sum	54	36	15
Mr Gerry Slater <i>Chief Executive, PRONI</i>	27.5-30 plus 82.5-85 lump sum	0 - 2.5 plus 2.5 - 5 lump sum	450	414	21

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

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

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

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensions-ni.gov.uk.

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the 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 black ink that reads "Paul Sweeney." The signature is written in a cursive style with a period at the end.

Paul Sweeney

Accounting Officer for the Department of Culture, Arts and Leisure

Date 10 October 2006

Statement of Accounting Officer's Responsibilities

Under the Government Resources and Accounts Act (NI) 2001 the Department is required to prepare resource accounts for each financial year, in conformity with a DFP direction, detailing the resources acquired, held, or disposed of during the year and the use of resources by the Department during the year.

The resource accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Department, the net resource outturn, resources applied to objectives, recognised gains and losses, and cash flows for the financial year.

The Treasury has appointed the Permanent Head of Department as Accounting Officer of the Department, with responsibility for preparing the Department's accounts and for transmitting them to the Comptroller and Auditor General.

In preparing the accounts, the Accounting Officer is required to comply with the Financial Reporting Manual prepared by DFP, and in particular to:

- Observe the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards, as set out in the Financial Reporting Manual, have been followed, and disclose and explain any material departures in the accounts; and
- Prepare the accounts on a going-concern basis.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which an Accounting Officer is answerable, for keeping proper records and for safeguarding the Department's assets, are set out in the Accounting Officers' Memorandum issued by DFP and published in Government Accounting Northern Ireland.

Statement on Internal Control

1. Scope of Responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of Departmental 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.

To give practical effect to these responsibilities I have put in place the following strategic arrangements –

- ◆ As part of the strategic business planning process the DCAL Minister discusses and approves the Department's Corporate and Business Plans. These include statements on the Department's approach to risk management and identify the key risks which could affect the achievement of each strategic goal.
- ◆ At Departmental level, a Corporate Risk Register has been established with input from staff at various levels.
- ◆ At a strategic level, risk management has been incorporated into the corporate planning and decision making processes of the Department. The Executive Team has ensured that procedures are in place for verifying that all aspects of risk management and internal control are regularly reviewed.

The Department has two Agencies and provides sponsorship funding to 15 Non-Departmental Public Bodies (NDPB). Five of the NDPBs are jointly funded by the Department of Education and the Department of Employment and Learning and a further three NDPBs are cross-border bodies which are jointly funded by the Department of Community, Rural and Gaeltacht Affairs in Dublin.

2. The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Departmental policies, aims and objectives, to evaluate the likelihood of those risks being realized and the impact should they be realized, and to manage them efficiently, effectively and economically. This system of internal control has been in place in the Department for the year ended 31 March 2006 and up to the date of the approval of the annual report and accounts, and accords with DFP guidance.

3. Capacity to handle risk

All key risks are directly related to the achievement of the Department's strategic goals and objectives. These are detailed in the Department's 3-year Corporate Plan and in annual Business Plans which also include the actions and initiatives to

be taken to achieve the goals and objectives and how progress and performance will be measured. While I retain overall responsibility for the achievement of DCAL's goals and objectives and for managing risks I have delegated to individual Heads of Division responsibility for achieving specific goals and objectives and for managing the associated risks.

Over the past 3 years a number of members of DCAL's Management Team and a number of middle managers (in particular those involved in major projects) have attended workshops at which we gained practical experience in identifying and evaluating risk and in the course of these have had the opportunity to use a number of risk management methodologies. DCAL's Management Team is aware of its importance as an aid to the effective management of the agency's business.

4. The risk and control framework

The Department's risk management framework sets out its strategy for identifying, evaluating, controlling and monitoring risks. The Executive Team of the Department determines the risk appetite and manages the corporate risk register, supported by processes embedded throughout the Department's branches and agencies. In recognition of the increasing complexity of risk and control issues, the Department is developing an additional tier of risk management at the divisional level.

The Department's Internal Audit function, which is provided by the Department of Education, operates to standards defined in the Government's Internal Audit Manual. They submit regular reports which include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the Department's system of internal control together with recommendations for improvement.

The Department is always mindful of the potential threat from fraud. In previous statements actual and suspected frauds arising within the Department's sponsored activities have been reported. These incidents have been managed and monitored to bring investigations to a conclusion, instigate remedial action, and promulgate lessons learned.

5. Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the system of internal control is informed by the work of the internal auditors and executive managers within the Department who have responsibility for the development and maintenance of the internal control framework, and comments made by 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 Executive Team and Audit & Risk Management Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

6. Significant internal control problems

In December 2004, a revised model Management Statement and Financial Memorandum was issued by Department of Finance and Personnel with a request that all existing documents should be updated and brought into line with the model. This Department is currently updating all Statements and Memoranda and this will be completed during the early part of the incoming financial year.

The Department does not hold the title deeds to all lands which transferred to it from other Departments on devolution. Advice is being sought and consideration will be given to future action once this has been received and considered.

In reviewing changes made to the Department's provisional financial outturn figures, and the final figures for 2004-05 the Department is aware of the possibility that information provided by its sponsored Non-Departmental Public bodies to support the Department's financial reports may be incomplete and/or inaccurate. The Department is currently working with the NDPBs to bring forward improvements.

The Department is cognisant of the financial management difficulties within a number of the Education and Library Boards. On-going work to analyse the problem has uncovered the fact that the Belfast Board overspent its Public Library budget in 2003-04. The Department continues to keep this matter under review and is working with the Board and colleagues in the other sponsor Departments to introduce effective remedial action.

The existing premises at the Public Record Office of Northern Ireland, an Agency of the Department, are inadequate in terms of space and environmental conditions for the long-term storage and preservation of important and unique archives. During the year one of the Agency's stores suffered flood damage. Work has been completed to minimise the risk of recurrence. This is reflected in the Corporate Risk register and the options available are being examined.

There is a potential health and safety risk at public water recreation sites owned by the Department. The Department has arranged for site inspections to be carried out by the Rivers Agency; advisory signage at sites and for a programme of works to be carried out

The Department has also received a number of reports from the Northern Ireland Audit Office and provided evidence to the Committee for Public Accounts on the *Navan Centre* and *Collections Management in the National Museums and Galleries of Northern Ireland*. The NIAO has also delivered its report on *Collections Management in the Arts Council of Northern Ireland*. Remedial actions are in hand to address the issues raised.



Paul Sweeney

Accounting Officer for the Department of Culture, Arts and Leisure

Date 10 October 2006

The Certificate and Report of the Comptroller and Auditor General to the House of Commons and the Northern Ireland Assembly

I certify that I have audited the financial statements of the Department of Culture, Arts and Leisure for the year ended 31 March 2006 under the Government Resources and Accounts Act (Northern Ireland) 2001. These comprise the Statement of Parliamentary Supply, the Operating Cost Statement and Statement of Recognised Gains and Losses, the Balance Sheet, the Cashflow Statement and the Statement of Operating Costs by Departmental Aim and Objectives and the related notes. These financial statements have been prepared under the accounting policies set out within them.

Respective responsibilities of the Accounting Officer and auditor

The Accounting Officer is responsible for preparing the Annual Report and the financial statements in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance and Personnel directions made there under and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Accounting Officer's Responsibilities.

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

I report to you my opinion as to whether the financial statements give a true and fair view and whether the Financial Statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with Department of Finance and Personnel directions issued under the Government Resources and Accounts Act (Northern Ireland) 2001. 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 Department has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by the Department of Finance and Personnel regarding remuneration and other transactions is not disclosed.

I review whether the statement on pages 24-26 reflects the Department's compliance with the Department of Finance and Personnel's guidance on the Statement on Internal Control, and I report if it does not. I am not required to consider whether the Accounting Officer's statement on internal control cover all risks and controls, or to form an opinion on the effectiveness of the Department's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the Annual Report, the Directors' Report, 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

Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Department's circumstances, consistently applied and adequately disclosed.

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

Opinion

In my opinion:

- the financial statements give a true and fair view, in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and directions made there under by the Department of Finance and Personnel, of the state of the Department's affairs as at 31 March 2006 and the net cash requirement, net resource outturn, resources applied to objectives, recognised gains and losses and cashflows for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with Department of Finance and Personnel directions issued under the Government Resources and Accounts Act (Northern Ireland) 2001; and
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.



JM Dowdall CB
Comptroller and Auditor General
16 October 2006

Northern Ireland Audit Office
106 University Street
Belfast BT7 1 EU

Statement of Parliamentary Supply

Summary of Resource Outturn 2005-06

Request for Resources	Estimate			2005-06 Outturn			2004-05		
							Outturn		
	Note	Gross Expenditure £000	Accruing Resources £000	Net Total £000	Gross Expenditure £000	Accruing Resources £000	Net Total £000	Net total outturn compared with Estimate: saving/(excess) £000	Net Total £000
A	2	120,747	(7,890)	112,857	108,616	(7,890)	100,726	12,131	91,161
Total Resources	3	120,747	(7,890)	112,857	108,616	(7,890)	100,726	12,131	91,161
Non-operating Accruing Resources		-	-	-	-	-	-	-	-

Net Cash Requirement 2005-06

	Note	Estimate	Outturn	Net total outturn compared with Estimate: Outturn saving/(excess)	2004-05
		£000	£000	£000	Outturn £000
Net cash requirement	4	111,218	99,107	12,111	88,206

Summary of income payable to the Consolidated Fund

(In addition to Accruing Resources, the following income relates to the Department and is payable to the Consolidated Fund (cash receipts being shown in italics))

	Note	Forecast 2005-06		Outturn 2005-06	
		Income £000	Receipts £000	Income £000	Receipts £000
Total	5	-	-	647	647

Explanations of variances between Estimate and Outturn are given in Note 2 and in the Management Commentary.

Operating Cost Statement

for the year ended 31 March 2006

	Note	2005-06 £000					2004-05 £000		
		Core Department			Consolidated		Core Department	Consolidated	
		Staff Costs	Other Costs	Income	Staff Costs	Other Costs	Income		
Administration Costs:									
Staff Costs	9	6,121			13,244		5,794	12,384	
Other administration costs	10		2,874			8,317	2,889	7,651	
Operating income	12			-		(7,736)	-	(6,422)	
Programme Costs									
Request for Resources A									
Programme Costs	11		86,297			87,055	77,938	78,331	
Income	12			(801)		(801)	(236)	(1,323)	
Totals		6,121	89,171	(801)	13,244	95,372	(8,537)	86,385	90,621
Net Operating Cost				94,491		100,079			

Statement of Recognised Gains and Losses

for the year ended 31 March 2006

	2005-06 £000		2004-05 £000	
	Core Department	Consolidated	Core Department	Consolidated
	Net gain/(loss) on revaluation of tangible fixed assets	(4)	615	(28)
Net gain/(loss) on revaluation of intangible fixed assets	23	56	52	52
Recognised gains and losses for the financial year	19	671	24	40

Balance Sheet

as at 31 March 2006

		2005-06		2004-05	
		£000		£000	
	Note	Core Department	Consolidated	Core Department	Consolidated
Fixed assets:					
Tangible assets	14	4,829	17,022	4,956	16,443
Intangible assets	15	1,002	3,357	979	2,577
Current assets:					
Stocks	17	416	555	243	395
Debtors	18	198	1,096	383	1,411
Cash at bank and in hand	19	167	336	(17)	1,212
		<u>781</u>	<u>1,987</u>	<u>609</u>	<u>3,018</u>
Creditors: amounts falling due within one year	20	(1,868)	(3,366)	(2,490)	(4,868)
Net current liabilities		<u>(1,087)</u>	<u>(1,379)</u>	<u>(1,881)</u>	<u>(1,850)</u>
Total assets less current liabilities		<u>4,744</u>	<u>19,000</u>	<u>4,054</u>	<u>17,170</u>
Provisions for liabilities and charges	21	-	(2,016)	(91)	(2,427)
Net assets		<u>4,744</u>	<u>16,984</u>	<u>3,963</u>	<u>14,743</u>
Taxpayers' equity:					
General fund	22	3,717	11,487	2,968	10,419
Revaluation reserve	23(a)	1,027	5,497	995	4,324
		<u>4,744</u>	<u>16,984</u>	<u>3,963</u>	<u>14,743</u>



(Accounting Officer)

10 October 2006

Consolidated Cash Flow Statement

for year ended 31 March 2006

		2005-06	2004-05
		£000	£000
	Note		
Net cash outflow from operating activities	24(a)	(96,169)	(85,674)
Capital expenditure and financial investment	24(b), 24(c)	(2,238)	(1,992)
Receipts due to the Consolidated Fund which are outside the scope of the Department's activities		-	-
Payments of amounts due to the Consolidated Fund		(1,112)	(560)
Financing	24(d)	98,643	88,917
Increase/(decrease) in cash in the period	24(e)	(876)	691

Consolidated Statement of Operating Costs by Departmental Aim and Objectives

for the year ended 31 March 2006

	2005-06			2004-05		
	Gross	Income	Net	Gross	Income	Net
Aim						
Objective 1	108,616	(8,537)	100,079	98,366	(7,745)	90,621
Net operating costs	108,616	(8,537)	100,079	98,366	(7,745)	90,621

Objective 1 - To protect, nurture and grow our cultural capital so that it can be enjoyed today and tomorrow.

See Note 25.

Notes to the Departmental Resource Accounts for the year ended 31 March 2006**1. Statement of accounting policies**

These financial statements have been prepared in accordance with the 2005-06 Government Financial Reporting Manual (FReM) issued by DFP. The accounting policies contained in the FReM follow UK generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector.

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

Where FReM permits a choice of accounting policy, the accounting policy which has been judged to be the most appropriate to the particular circumstances of the Department for the purpose of giving a true and fair view has been selected. The Department's accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of fixed assets, and stocks where material, at their value to the business by reference to their current costs.

1.2 Basis of consolidation

These accounts comprise a consolidation of the non-agency parts of the Department and those entities which fall within the Departmental boundary as defined in the FReM (chapter 1.5). Transactions between entities included in the consolidation are eliminated.

A list of all those entities within the Departmental boundary is given at note 35.

1.3 Tangible fixed assets

Land and buildings are stated at current cost using professional valuations carried out by the Valuation and Lands Agency (VLA) every five years and appropriate indices in intervening years. Valuations are carried out in accordance with the Appraisal and Valuation Manual produced jointly by the Royal Institution of Chartered Surveyors, the Incorporated Society of Valuers and Auctioneers and the Institute of Revenues Rating

and Valuation. Tangible assets have been valued by Valuation and Lands Agency as at 31 March 2003.

Antiques capitalised by PRONI were re-valued by an independent expert in March 2004. Full revaluations will be performed at 5 yearly intervals.

Other tangible fixed assets have been stated at current cost using indices extracted from a publication of The Stationery Office Ltd. Entitled 'Price Index Numbers for Current Cost Accounting'. The minimum level for capitalisation of a tangible fixed asset is generally £1,000, although lower value items may be pooled and capitalized where they constitute an integral group. IT equipment is capitalized where the valuation is at least £500.

1.4 Depreciation

Tangible fixed assets are depreciated at rates calculated to write them down to estimated residual value on a straight-line basis over their estimated useful lives.

Asset lives are normally in the following ranges:

Buildings	up to 100 years
Bridges, car parks, fences, pathways, walls and weirs	up to 100 years
Motor vehicles	3 – 7 years
Plant, machinery & equipment	3 – 25 years
Computer equipment and Software	3 – 10 years
Donated Asset	5 years
Furniture & fittings	10 – 20 years

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

1.5 Donated assets

Donated tangible fixed assets are capitalised at their current value, and this value is credited to the donated asset reserve. Subsequent revaluations are also taken to this reserve. Each year an amount equal to the depreciation charge on the asset is released from the Donated Asset Reserve to the Operating Cost Statement. A microfilming camera was donated to PRONI in 1997.

1.6 Intangible fixed assets

Sporting and Fishing Rights

Intangible fixed assets comprise sporting and fishing rights and are valued at modified historical cost or the fair value attributed at the time of acquisition subsequently indexed. Sporting and fishing rights are not amortised. This is supported by annual impairment reviews to ensure that the carrying value of the intangible asset does not exceed its recoverable amount. Valuations were carried out by Valuation and Lands Agency for all intangible assets as at 31 March 2005.

Software

Purchased computer software licences are capitalised as intangible fixed assets where expenditure of £1,000 or more is incurred. Software is valued at cost, adjusted as appropriate to reflect estimated replacement costs. Software licences are amortised over the shorter of the term of the licence and the useful economic life.

Topographic Database

The Topographic Database (used by OSNI) consists of geodetic networks and topographic information from large scale surveys built up over many years and subject to continuous revision. With changes constantly taking place, the costs of setting up and maintaining this database have been charged to the Income and Expenditure Account as incurred. As a substantial part of this asset consists of a collection of information akin to intellectual property it cannot be valued with certainty.

The value of income generated through the existence of the Topographic Database and the attached Intellectual Property Rights amounted to £7.7 million in 2005-06 (£7.4 million in 2004-05).

The Agency has not capitalised the Topographic Database as it is internally developed and has no readily ascertainable market value. Consequently, no value for the Topographic Database appears in the Balance Sheet, notwithstanding its central importance to OSNI activities.

1.7 Heritage assets

The official records stored and maintained by PRONI, and private records donated to PRONI, constitute the archival heritage of Northern Ireland and are treated as pure Heritage Assets. Legislatively they cannot be disposed of. The collection held at 31 March 2006 is not recorded in the balance sheet as it is not possible to provide a robust valuation for these records. In accordance with FReM guidance purchased heritage assets will be capitalised in future years.

Antique furniture and works of art are treated as operational Heritage assets, capitalised at current value and revalued. No depreciation is charged on antiques or works of art as they are considered to have finite useful lives.

1.8 Stocks and Work-in-Progress

Stocks of finished goods and work-in-progress are stated at the lower of cost and net realisable value. Stocks of raw materials are stated at the lower of current replacement cost and net realisable value. Fish stock is valued by allocating costs to salmon and trout stock based on the cost of production process. Provision is made for obsolete, slow moving and defective stocks.

1.9 Operating Income

Operating income is income that relates directly to the operating activities of the Department. It principally comprises fees and charges for services provided on a full cost basis to external customers. It includes not only income appropriated in aid of the Estimate but also income to the Consolidated Fund, which in accordance with the FReM is treated as operating income. Operating income is stated net of VAT.

1.10 Administration and Programme expenditure

The Operating Cost Statement is analysed between administration and programme income and expenditure. The classification of expenditure and income as administration or as programme follows the definition of administration costs set out in the FReM by DFP.

1.11 Capital Charge

A charge, reflecting the cost of capital utilised by the Department, is included in operating costs. The charge is calculated at the real rate set by HM Treasury (currently 3.5 per cent) on the average carrying amount of all assets less liabilities, except for:

- a tangible and intangible fixed assets where the cost of capital charge is based on opening values, adjusted pro rata for in-year:
 - Additions at cost
 - Disposals as valued in the opening balance sheet (plus any subsequent capital expenditure prior to disposal)
 - Impairments at the amount of the reduction of the opening balance sheet value (plus any subsequent capital expenditure)
 - Depreciation of tangible and amortisation of intangible fixed assets;
- b donated assets and cash balances with the Office of the Paymaster General, where the charge is nil;
- c additions to heritage collections

1.12 Foreign exchange

Transactions which are denominated in a foreign currency are translated into sterling at the exchange rate ruling on the date of each transaction, except where rates do not fluctuate significantly, in which case an average rate for the period is used.

1.13 Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pension Schemes which are described in Note 9. The defined benefit schemes are unfunded and are non-contributory except in respect of dependents' benefits. The Department recognises the expected cost of these elements on a

systematic and rational basis over the period during which it benefits from employees' services by payment to the Principal Civil Service Pension Schemes (PCSPS) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution schemes, the Department recognises the contributions payable for the year.

1.14 Early departure costs

The Department is required to meet the additional cost of benefits beyond the normal PCSPS benefits in respect of employees who retire early. The Department provides in full for this cost when the early retirement programme has been announced and is binding on the Department. The Department may, in certain circumstances, settle some or all of its liability in advance by making a payment to the Department of Finance and Personnel for the credit of the Superannuation Request for Resources. The amount provided is shown net of any such payments.

1.15 Operating leases

Operating lease rentals are charged to the operating cost statement in equal amounts over the lease term.

1.16 Grants payable and receivable

Grants payable are recorded as expenditure in the period that the underlying event or activity giving entitlement to the grant occurs. In respect of public bodies which are outside the Departmental accounting boundary and funded by the Department, the underlying event is deemed to be the request for grant in line with the annual operating plan. In respect of other bodies, where the Department agrees to provide assistance up to a specified amount to assist with annual running costs, expenditure is related to the period in which the costs occur. Grants to bodies or individuals which can be attributed to a particular period, event or completion of an action in accordance with a letter of offer, are recorded as expenditure in the period in which the underlying event triggering the liability occurs.

Revenue grants receivable are matched with associated expenditure and recorded in that period. Capital grants are recorded in the balance sheet and released to the operating cost statement over the useful life of the relevant asset.

1.17 Provisions

The Department provides for legal or constructive obligations which are of uncertain timing or amount at the balance sheet date on the best estimate of the expenditure required to settle the obligation. Where the time value of money is significant the cash flows are discounted using the Treasury discount rate of 3.5%.

1.18 Contingent liabilities

In addition to contingent liabilities disclosed in accordance with FRS12, the Department discloses for parliamentary reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to Parliament in accordance with the requirements of Government Accounting Northern Ireland.

Where the time value of money is material, contingent liabilities which are required to be disclosed under FRS12 are stated at discounted amounts and the amount reported to Parliament separately noted. Contingent liabilities that are not required to be disclosed by FRS12 are stated at the amounts reported to Parliament.

Details of contingent liabilities are shown in note 31.

1.19 Value added tax

All income and expenditure is stated exclusive of VAT, which is recoverable by the Department.

2. Analysis of net resource outturn by section

	Outturn						2005-06	2004-05	Prior-year Outturn
	Admin	Other current	Grants	Gross resource expenditure	Accruing Resources	Net Total	£000 Estimate	£000 Estimate	
Request for resources A:							Net total outturn compared with Estimate		
Inland Fisheries and Waterways	2,020	989	-	3,009	(211)	2,798	3,223	425	3,036
Miscellaneous Library and other services	1,430	-	341	1,771	-	1,771	1,580	(191)	1,772
Armagh Observatory and Planetarium	-	-	3,394	3,394	-	3,394	3,529	135	1,767
Arts	1,137	88	1,556	2,781	-	2,781	2,819	38	2,484
Museums	927	-	485	1,412	-	1,412	1,363	(49)	1,739
W5	-	-	510	510	-	510	530	20	877
Sports	736	43	-	779	(36)	743	803	60	776
Cultural Policy	385	116	3,393	3,894	-	3,894	3,958	64	793
Northern Ireland Events Company	77	-	2,900	2,977	-	2,977	2,964	(13)	1,971
Public Record Office of Northern Ireland	3,566	354	-	3,920	(21)	3,899	4,277	378	3,566
Ordnance Survey of Northern Ireland	7,928	151	-	8,079	(7,622)	457	818	361	219
North/South Language Body (North/South Co-operation (Implementation) Body)	480	-	4,667	5,147	-	5,147	5,137	(10)	5,331
Waterways Ireland (North/South Co-operation (Implementation) Body)	321	-	3,503	3,824	-	3,824	5,417	1,593	4,751
EU Programme for Peace and Reconciliation	-	-	1,251	1,251	-	1,251	1,665	414	630
Executive Programme Funds	-	254	-	254	-	254	286	32	244
Non-Budget									
Interdepartmental Notional Costs	2,554	-	-	2,554	-	2,554	2,961	407	2,507
Arts Council of Northern Ireland	-	-	12,440	12,440	-	12,440	13,936	1,496	11,949
Museums and Galleries of Northern Ireland	-	-	13,337	13,337	-	13,337	14,036	699	12,372
Sports Council of Northern Ireland	-	-	6,575	6,575	-	6,575	7,985	1,410	5,318
Fisheries Conservancy Board	-	-	286	286	-	286	423	137	232
Education and Library Boards	-	-	29,795	29,795	-	29,795	33,881	4,086	28,023
Executive Programme Funds	-	-	516	516	-	516	816	300	804
European Economic Area	-	-	111	111	-	111	450	339	-
Resource Outturn	21,561	1,995	85,060	108,616	(7,890)	100,726	112,857	12,131	91,161

Explanation of variances between Estimate and Outturn

- 1 **Fisheries** - Under spend due to increase in stock valuation coupled with over-estimation of salaries and administration costs offset by reduced permit sales.
- 2 **Miscellaneous Library and other services** - Under-estimation of the administration profile resulting in administration over spend.
- 3 **OSNI** - Slippage on capital projects Cameo and Geo Hub resulting in capital under spend.
- 4 **Waterways Ireland** - Capital underspend as a result of slippage on Waterways Ireland Headquarters.
- 5 **EU Programme for Peace and Reconciliation** - Capital under spend due to delay in obtaining planning permissions.
- 6 **Other Non-cash items** - Notional costs were lower than anticipated.
- 7 **Arts Council of Northern Ireland** - Slippage on capital projects due to procurement difficulties resulted in a capital under spend.
- 8 **Sports Council of Northern Ireland** - Slippage on various programmes including Soccer Strategy, Safe Sports Grounds and Tollymore Mountain Centre led to an underspend.
- 9 **Fisheries Conservancy Board** - Delays in the payment of pensions and redundancy costs resulted in an administration under spend.
- 10 **Education and Library Boards** - Over estimate of the cost of Lisburn City Library coupled with slippage on several major capital projects caused a capital under spend.
- 11 **Executive Programme Funds** - Slippage on Sports Development Project resulted in capital under spend.
- 12 **European Economic Area** - Underspend due to delays in river works as a result of high water levels and the spawning fish season.

Detailed explanations of the variances are given in the Management Commentary.

3. Reconciliation of outturn to net operating cost and against Administration Budget

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

		2005-06		2004-05	
		£000		£000	
	Note	Outturn	Supply Estimate with Estimate	Outturn compared with Estimate	Outturn
Net Resource Outturn	2	100,726	112,857	(12,131)	91,161
Non-supply income (CFE)	5	(647)	-	(647)	(540)
Net operating cost		100,079	112,857	(12,778)	90,621

3 (b) Outturn against final Administration Budget

	2005-06		2004-05	
		£000	£000	£000
		Budget	Outturn	Outturn
Gross Administration Budget		19,616	19,007	17,528
Income allowable against the Administration Budget		-	-	-
Net outturn against final Administration Budget		19,616	19,007	17,528

4. Reconciliation of resources to cash requirement

	Note	Estimate £000	Outturn £000	Net total outturn compared with estimate: saving/(excess) £000
Resource Outturn	2	112,857	100,726	12,131
Capital				
Acquisition of fixed assets	24(b)	2,952	2,238	714
Non operating Accruing Resources				
Proceeds of fixed asset disposals		(70)	-	(70)
Accruals adjustments				
Non-cash items	10,11	(5,211)	(4,766)	(445)
Disposal of Fixed Assets	10	-	(140)	140
Changes in working capital other than cash		90	471	(381)
Use of provision	21	600	578	22
Excess cash receipts surrenderable to the Consolidated Fund	5	-	-	-
Net cash requirement		111,218	99,107	12,111

5. Analysis of income payable to the Consolidated Fund

In addition to Accruing Resources, the following income relates to the Department and is payable to the Consolidated Fund (cash receipts being shown in italics).

	Note	Forecast 2005-2006		Outturn 2005-06	
		£000 Income	£000 Receipts	£000 Income	£000 Receipts
Operating income and receipts - excess Accruing Resources		-	-	84	84
Other operating income and receipts not classified as Accruing Resources		-	-	563	563
	22	-	-	647	647
Non-operating income and receipts - excess Accruing Resources	7	-	-	-	-
Other non operating income and receipts not classified as Accruing Resources	8	-	-	-	-
Other amounts collectable on behalf of the Consolidated Fund		-	-	-	-
Excess cash surrenderable to the Consolidated Fund	4	-	-	-	-
Total income payable to the Consolidated Fund		-	-	647	647

6. Reconciliation of income recorded within the Operating Cost Statement to operating income payable to the Consolidated Fund

		2005-06 £000	2004-05 £000
Operating income	Note 12	8,537	7,745
Gross income		8,537	7,745
Income authorised to be Accruing Resources		(7,890)	(7,205)
Operating income payable to the Consolidated Fund	5	647	540

7. Non-operating Income - Excess Accruing Resources

None.

8. Non-operating income not classified as Accruing Resources

None.

9. Staff numbers and related costs

Staff costs comprise:

			2005-06		2004-05	
			£000		£000	
	Total	Permanently employed staff	Others	Ministers	Special Advisers	Total
Wages and Salaries	10,837	10,765	72	-	-	10,490
Social security costs	779	779	-	-	-	773
Other pension costs	1,818	1,818	-	-	-	1,297
Less staff costs capitalised	(190)	(190)	-	-	-	(176)
Total net costs	13,244	13,172	72	-	-	12,384

Of which:

Consolidated department administration	13,244	13,172	72	-	-	12,384
Core department administration	6,121	6,121	-	-	-	5,794

The PCSPS(NI) is an unfunded defined benefit scheme which produces its own resource accounts, but the Department of Culture, Arts and Leisure is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2003 and details of this valuation are available in the PCSPS(NI) resource accounts.

For 2005/06, employers' contributions of £1,773,422 were payable to the PCSPS(NI) (2004/05 £1,259,215) at one of four rates in the range 16.5 to 23.5 per cent of pensionable pay, based on salary bands (the rates in 2004-05 were between 12% and 18%). These rates have increased from 1 April 2005 as a result of the latest actuarial valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Average number of persons employed

The average monthly number of whole-time equivalent persons employed during the year was as follows. These figures include those working in the department as well as in agencies and other bodies included within the consolidated departmental resource account.

			2005-06		2004-05	
	Total	Permanent Staff	Others	Ministers	Special advisers	Total
Objective 1	459	456	3	-	-	442
Total	459	456	3	-	-	442

Of which:

Core department	194	194	-	-	-	186
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10. Other Administration Costs

		2005-06		2004-05	
		£000		£000	
	Note	Core Department	Consolidated	Core Department	Consolidated
Rentals under operating leases:					
Hire of plant and machines		10	11	12	12
Other operating leases		20	20	29	29
Non-cash items:					
Depreciation		46	1,116	31	976
Cost of Capital Charges		12	407	13	368
Auditor's remuneration & expenses		50	66	60	76
Other notional costs		1,433	2,488	1,537	2,432
Diminution in value of fixed assets		-	65	-	102
Increase/(Decrease) in provision		(5)	188	14	(168)
Loss on disposal of fixed assets		3	140	99	179
Other expenditure		1,305	3,816	1,094	3,645
Total		2,874	8,317	2,889	7,651

11. Programme Costs

		2005-06		2004-05	
		£000		£000	
	Note	Core Department	Consolidated	Core Department	Consolidated
Current grants and other current expenditure		77,693	78,451	71,512	71,906
Capital grants and other capital expenditure		8,277	8,277	5,836	5,836
Consultancy and other expenditure		(109)	(109)	247	247
Non-cash items:					
(Decrease) in provision		(39)	(39)	(129)	(129)
Depreciation		336	336	333	332
Cost of Capital Charges		139	139	139	139
Total		86,297	87,055	77,938	78,331

12. Income

	2005-06 £000			2004-05 £000
	RfRA	Consolidated Fund	Total	Total
Administration Income				
Fees and charges to external customers	21	-	21	31
Normal operating activities of OSNI	7,621	94	7,715	6,391
	7,642	94	7,736	6,422
Programme Income				
Fees and charges to external customers	210	10	220	199
Normal operating activities of OSNI	-	-	-	1,063
Rent from Sports Council for House of Sport	36	-	36	36
Other income	2	543	545	25
	248	553	801	1,323
Total	7,890	647	8,537	7,745
Core Department				
Income	248	553	801	261

An analysis of income from services provided to external and public sector customers is as follows:

(This note is to meet DFP requirements on fees and charges and not for the purposes of SSAP 25. The analysis of income includes notional charges which are not reflected in the income from services figure in the operating cost statement)

	2005-06			2004-05		
	Income £'000	Full Cost £'000	Surplus / (Deficit) £'000	Income £'000	Full Cost £'000	Surplus / (Deficit) £'000
Digital Licensing	4,870	(1,012)	3,858	4,529	(671)	3,858
Copyright	1,426	(308)	1,118	1,507	(304)	1,203
Map Sales and Repayment Tasks	1,308	(1,090)	218	1,345	(759)	586
Maintenance of OSNI database	-	(6,010)	(6,010)	-	(5,815)	(5,815)
Mosaic	-	(266)	(266)	-	(204)	(204)
Rent	111	(57)	54	72	(33)	39
Total	7,715	(8,743)	(1,028)	7,453	(7,786)	(333)

13. Analysis of net operating cost by spending body

	2005-06 £000		2004-05 £000
Spending Body:	Estimate	Outturn	Outturn
Core department	107,762	95,817	87,352
OSNI	818	363	(297)
PRONI	4,277	3,899	3,566
Net operating cost	112,857	100,079	90,621

14. Tangible fixed assets

	Land & Buildings £000	Information Technology £000	Plant & Machinery £000	Furniture & Fittings £000	Antique Pictures £000	Vehicles £000	Donated £000	Assets under Construction £000	Total £000
Cost									
At 1 April 2005	15,200	1,665	1,962	614	78	649	28	321	20,517
Adjustment	115	-	-	-	-	-	-	-	115
Additions	279	209	232	51	-	29	-	279	1,079
Disposals	-	(48)	(121)	(290)	-	(10)	-	-	(469)
Transfer	(47)	-	47	-	-	-	-	-	-
Revaluation	621	(144)	(15)	-	-	7	-	-	469
At 31 March 2006	16,168	1,682	2,105	375	78	675	28	600	21,711
Depreciation									
At 1 April 2005	1,492	884	984	280	-	407	27	-	4,074
Adjustment	18	-	-	(1)	-	-	1	-	18
Charged in year	465	239	204	33	-	76	-	-	1,017
Revaluation	(52)	(63)	1	1	-	22	-	-	(91)
Eliminated on disposal	-	(41)	(71)	(207)	-	(10)	-	-	(329)
Transfer	(17)	-	17	-	-	-	-	-	-
At 31 March 2006	1,906	1,019	1,135	106	-	495	28	-	4,689
Net book value at 31 March 2006	14,262	663	970	269	78	180	0	600	17,022
Net book value at 31 March 2005	13,708	781	978	334	78	242	1	321	16,443
Asset financing:									
Owned	14,262	663	970	269	78	180	0	600	17,022
Finance Leased	-	-	-	-	-	-	-	-	-
Net book value at 31 March 2006	14,262	663	970	269	78	180	0	600	17,022

The net book value of land and buildings comprises £4,107,374 freehold and £10,154,533 leasehold (2004-05: £3,941,192 and £9,766,925). Included within land and buildings is an amount of £1,071,739 (2004-05: £1,190,487) relating to bridges, car parks, fences, paths, walls and weirs.

Please refer to note 1.3 for details on valuation and the use of indices.

Analysis of tangible fixed assets

The net book value of tangible fixed assets comprises:

Core department 2005-06	4,371	80	204	-	-	174	-	-	4,829
Agencies 2005-06	9,891	583	766	269	78	6	0	600	12,193
Core Department 2004-05	4,413	110	204	-	-	229	-	-	4,956
Agencies 2004-05	9,295	671	774	334	78	13	1	321	11,487

15. Intangible Fixed Assets

				2005-06	2004-05
				£000	£000
	Sporting and fishing rights	Software Licences	Computer Software	Total	Total
Cost					
At 1 April 2005	979	21	2,449	3,449	3,225
Additions	-	10	1,149	1,159	795
Disposals	-	-	-	-	(656)
Revaluation	23	-	58	81	95
Reclassification	-	-	-	-	(10)
At 31 March 2006	1,002	31	3,656	4,689	3,449
Amortisation					
At 1 April 2005	-	1	871	872	1,181
Charged in Year	-	10	425	435	269
Disposals	-	-	-	-	(596)
Revaluation	-	-	25	25	18
At 31 March 2006	-	11	1,321	1,332	872
Net book value at 31 March 2006	1,002	20	2,335	3,357	2,577

Analysis of intangible fixed assets

The net book value of intangible fixed assets comprises:

Core department 2005-06	1,002	-	-	1,002
Agencies 2005-06	-	20	2,335	2,355
Core department 2004-05	979	-	-	979
Agencies 2004-05	-	20	1,578	1,598

Please refer to note 1.6 for details on valuation and the use of indices.

16. Investments

There were no investments made in the year.

17. Stock and work in progress

	2005-06		2004-05	
	£000		£000	
	Core department	Consolidated	Core department	Consolidated
Raw materials and consumables	-	80	-	102
Work in progress	36	36	27	27
Finished goods	380	439	216	266
	416	555	243	395

18. Debtors**18(a) Analysis by type**

	2005-06		2004-05	
	£000		£000	
	Core department	Consolidated	Core department	Consolidated
Amounts falling due within one year:				
Trade debtors	9	525	6	763
Amounts owed by related parties	-	-	4	4
VAT	111	323	196	231
Other debtors	12	63	49	89
Prepayments and accrued income	66	185	75	271
EU Income accrued	-	-	53	53
	198	1,096	383	1,411

EU grant income is recognised by the Department in the Operating Cost Statement but, as it is CFER income, it is not reflected in the Statement of Parliamentary Supply with EU receipts remitted to the Consolidated Fund. The Department has reviewed the level of debtors in respect of EU grant income receivable for the period 1994 to 1999. This has resulted in a reduction in debtors of £52,923.94, which is reflected in the 2005-06 debtor balance.

18(b) Intra-Government Balances

	2005-06		2004-05	
	£000		£000	
	Core department	Consolidated	Core department	Consolidated
Balances with other central government bodies	132	461	245	433
Balances with local authorities	-	11	-	34
Balances with NHS Trusts	-	-	-	1
<i>Subtotal: intra-government balances</i>	132	472	245	468
Balances with bodies external to government	66	624	138	943
Total debtors at 31 March	198	1,096	383	1,411

19. Cash at bank and in hand

	2005-06		2004-05	
	Core department	Consolidated	Core department	Consolidated
Balance at 1 April	(17)	1,212	526	521
Net change in cash balances	184	(876)	(543)	691
Balance at 31 March	167	336	(17)	1,212

The following balances at 31 March were held at :

Commercial banks and cash in hand	167	336	(17)	1,212
Balance at 31 March	167	336	(17)	1,212

20. Creditors

20(a) Analysis by type

	2005-06		2004-05	
	Core department	Consolidated	Core department	Consolidated
Amounts falling due within one year:				
Trade creditors	700	978	451	539
Other creditors	512	512	478	478
Accruals and deferred income	646	1,587	1,507	2,633
	1,858	3,077	2,437	3,650
Amounts issued from the Consolidated Fund for supply but not spent at year end	-	185	-	649
Consolidated Fund extra receipts due to be paid to the Consolidated Fund				
received	10	104	-	516
receivable	-	-	53	53
	10	289	53	1,218
	1,868	3,366	2,490	4,868

20(b) Intra-Government Balances

	2005-06		2004-05	
	Core department	Consolidated	Core department	Consolidated
Balances with other central government bodies	827	1,781	1,634	3,463
Balances with local authorities	10	11	11	11
Balances with public corporations and trading funds	-	1	-	1
<i>Subtotal</i> : intra-government balances	837	1,793	1,645	3,475
Balances with bodies external to government	1,031	1,573	845	1,393
Total creditors at 31 March	1,868	3,366	2,490	4,868

21. Provisions for liabilities and charges

	Core Department			Consolidated		
	Early departure		Total	Early departure		Total
	costs £000	Other £000		costs £000	Other £000	
Balance at 1 April 2005	16	75	91	2,352	75	2,427
Adjustment	-	-	-	-	18	18
Provided in the year	-	-	-	201	-	201
Provisions not required written back	(5)	(39)	(44)	(5)	(47)	(52)
Provisions utilised in the year	(11)	(36)	(47)	(532)	(46)	(578)
Balance at 31 March 2006	-	-	-	2,016	-	2,016

21.1 Early departure costs

In accordance with FReM, the Department has provided for the expected future discounted costs associated with a voluntary early severance/retirement scheme within OSNI. Funding has been provided by DFP to allow the Agency to release staff under this scheme.

The Treasury discount rate of 3.5% has been applied in the calculation of provisions for the scheme.

22. General Fund

The General Fund represents the total assets less liabilities of each of the entities within the accounting boundary and to that extent the total is not represented by any other reserves and financing items.

	2005-06 £000		2004-05 £000	
	Core department	Consolidated	Core department	Consolidated
Balance at 1 April	2,968	10,419	4,275	10,326
Adjustment	-	(25)	31	31
Adjusted Opening Balance	2,968	10,394	4,306	10,357
Due to/(from) Consolidated Fund	-	(185)	-	(649)
Parliamentary funding received in year for year	92,495	98,643	83,944	88,917
Parliamentary funding relating to previous year	-	649	-	(134)
Funding from Ordnance Survey Northern Ireland	2,193	-	-	-
Year end adjustment				
In respect of asset re-living	-	-	-	2
Net Transfer from Operating Activities				
Net Operating Cost	(94,491)	(100,079)	(86,385)	(90,621)
CFERS repayable to the Consolidated Fund	(10)	(104)	-	(516)
CFERS repaid to Consolidated Fund	(596)	(596)	(634)	47
CFERS repaid to Consolidated Fund on behalf of				
Ordnance Survey Northern Ireland	(516)	-	-	-
CFERS written down	53	53	-	-
Non Cash Charges				
Cost of Capital	151	546	152	507
Notional Charges	1,483	2,554	1,597	2,508
Transfer to Revaluation Reserve	(13)	(388)	(12)	1
Balance at 31 March	3,717	11,487	2,968	10,419

23. Reserves**23(a) Revaluation Reserve**

The revaluation reserve reflects the unrealised element of the cumulative balance of indexation and revaluation adjustments (excluding donated assets).

	2005-06 £000		2004-05 £000	
	Core department	Consolidated	Core department	Consolidated
Balance at 1 April	995	4,324	959	4,268
Prior Year Adjustment	-	104	-	-
Arising on revaluation during the year (net)	19	616	24	2
Recognition of fixed asset permanent diminution	-	65	-	52
Transferred from general fund in respect of realised element of revaluation reserve	13	388	12	2
Balance at 31 March	1,027	5,497	995	4,324

23(b) Donated Asset Reserve

	2005-06 £000		2004-05 £000	
	Core department	Consolidated	Core department	Consolidated
Balance at 1 April	-	-	-	7
Revaluations	-	-	-	(3)
Release to the Operating Cost Statement	-	-	-	(4)
Balance at 31 March	-	-	-	-

24. Notes to the Consolidated Cash Flow Statement**24(a) Reconciliation of operating cost to operating cash flows**

		2005-06 £000	2004-05 £000
Net operating cost	Note 13	(100,079)	(90,621)
Prior year adjustment to net operating cost		-	31
Adjustments for non-cash transactions	Note 10, 11	4,766	4,128
(Increase)/Decrease in Stock		(160)	72
(Increase)/Decrease in Debtors		315	33
Increase/(Decrease) in Creditors		(1,502)	1,571
<i>less movements in creditors relating to items not passing through the OCS</i>		929	(549)
Loss on Disposal of Fixed Assets		140	179
Use of provisions	Note 21	(578)	(518)
Net cash outflow from operating activities		(96,169)	(85,674)

24(b) Analysis of capital expenditure and financial investment

	2005-06 £000	2004-05 £000
Tangible fixed asset additions	(1,079)	(1,197)
Intangible fixed asset additions	(1,159)	(795)
Net cash outflow from investing activities	(2,238)	(1,992)

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

	Capital expenditure £000	Loans etc £000	Accruing Resources £000	Net Total £000
Request for Resources A	(2,238)	-	-	(2,238)
Total 2005-06	(2,238)	-	-	(2,238)
Total 2004-05	(1,992)	-	-	(1,992)

24(d) Analysis of financing

	2005-06 £000	2004-05 £000
	Note	
From the Consolidated Fund (Supply) - current year	99,292	88,854
From the Consolidated Fund (Supply) - prior year	22 (649)	63
Net financing	22 98,643	88,917

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

	2005-06 £000	2004-05 £000
	Note	
Net cash requirement	4 (99,107)	(88,206)
From the Consolidated Fund (Supply) - current year	24(d) 99,292	88,854
From the Consolidated Fund (Supply) - prior year	24(d) (649)	63
Amounts due to the Consolidated Fund - received in a prior year and paid over	(516)	(536)
Amounts due to the Consolidated Fund received and not paid over	104	516
Increase/(decrease) in cash	(876)	691

25. Notes to the Consolidated Statement of Operating Costs by Departmental Aim and Objectives

Programme grants and other current expenditure have been allocated as follows:

	2005-06 £000	2004-05 £000
Objective 1	87,055	78,331
Total	87,055	78,331

Capital Employed by Departmental Aim and Objectives at 31 March 2006

	2005-06 £000	2004-05 £000
Objective 1	16,984	14,743
Total	16,984	14,743

All administrative costs, programme costs and capital are employed in delivering the departmental objective.

26. Capital commitments

	2005-06 £000		2004-05 £000	
	Core department	Consolidated	Core department	Consolidated
Contracted capital commitments at 31 March 2006 for which no provision has been made	340	1,059	107	177

27. Commitments under leases*27.1 Operating leases*

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

	2005-06		2004-05	
	£000		£000	
	Core department	Consolidated	Core department	Consolidated
Obligations under operating leases comprise:				
Other:				
Expiry within 1 year	20	20	16	16
Expiry after 1 year but not more than 5 years	13	13	2	2
Expiry thereafter	4	4	9	9
	37	37	27	27

27.2 Finance leases

The Department had no obligations under finance leases.

28. Commitments under PFI contracts

The Department had no commitments under PFI contracts.

29. Other financial commitments

The Department had no other financial commitments.

30. Financial Instruments

FRS 13, Derivatives and Other Financial Instruments requires disclosure of the role which financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the largely non-trading nature of its activities and the way in which government departments are financed, the Department of Culture, Arts and Leisure is not exposed to the degree of financial risk faced by business entities. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS 13 mainly applies. The Department has very limited powers to borrow or invest surplus funds and, except for relatively insignificant forward purchases of foreign currency, financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the Department in undertaking its activities.

As permitted by FRS13, debtors and creditors which mature or become payable within 12 months from the balance sheet date have been omitted from the currency profile.

Fair Value

The book values and fair values of the Department's financial assets and liabilities at 31 March 2006 are not considered materially different.

	Book Value £000	Fair Value £000
Primary financial instruments		
<i>Financial assets:</i>		
Cash at Bank	336	336

31. Contingent liabilities disclosed under R12

31.1 Quantifiable

The Core Department has one contingent liability of £50,000 at 31 March 2006 relating to an outstanding industrial tribunal case, the outcome of which is dependent upon legal proceedings.

32. Contingent liabilities not required to be disclosed under R12 but included for parliamentary reporting and accountability purposes

32.1 Quantifiable

The Core Department has entered into the following quantifiable contingent liabilities by offering indemnities. None of these is a contingent liability within the meaning of FRS 12 since the likelihood of a transfer of economic benefit in settlement is too remote.

	1 April 2005 £000	Increase / (Decrease) in year £000	31 March 2006 £000	Amount reported to parliament by departmental Minute £000
Indemnities to cover local museums and galleries borrowing objects for exhibitions	9,354	(5,007)	4,347	4,211
	9,354	(5,007)	4,347	4,211

33. Losses and special payments

33(a) Losses Statement

Note:

	2005-06	2004-05
Total number of cases	3	2
Total amount of cases £	82,000	62,607

33(b) Special Payments

There were no special payments in the year.

33(c) Other

Detailed losses of NDPBs are included in the NDPBs' published accounts. The most significant of these losses relates to the Public Libraries, with total losses for the year in respect of the non-return of Library Books being £196,584.

34. Related-party transactions

The Department is the parent of the OSNI and PRONI and sponsors of the public sector bodies outside the Departmental accounting boundary listed in the foreword. OSNI and PRONI are on-vote agencies. The other bodies receive substantial grant funding from the Department. The Department has had various material transactions during the year.

In addition the Department has had numerous transactions with other central government departments and associated bodies. Most of these transactions have been with: Department of Finance and Personnel, the Government Purchasing Agency, NI Statistics and Research Agency, Construction Service, Business Development Service, Recruitment Service and the Departmental Solicitors Office; Department of Regional Development including Water Service and Roads Service; Department of Agriculture and Regional Development, including the Rivers Agency, Department of the Environment, including Planning Control and Environment and Heritage, Department of Health, Social Services and Public Safety, including Fire Authority for Northern Ireland, Department for Social Development, including NI Housing Executive; Department of Education; Department of Enterprise Trade and Investment and Department of Education and Learning.

None of the board members, key management staff or other related parties have undertaken any material transactions with the Department during the year.

35. Entities within the Departmental boundary

The entities within the boundary during 2005-06 were as follows:

Supply financed agencies: Ordnance Survey of Northern Ireland, Public Record Office of Northern Ireland

Non-executive NDPBs: None

Other entities: None

The annual reports and accounts of these entities are published seperately.

