

Strategic Investment Board Limited

Company Registration No. NI 45710

Annual Review and Financial Statements 2013/2014

Year Ended 31st March 2014



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Officers and Professional Advisers

Directors

Mr Gerry McGinn	Chairman (from September 2013)	
Dr. David Dobbin	Chairman (from November 2009 to August 2013) Non-executive Director (from October 2005 to August 2013)	
Mr. Frank Hewitt	Non-Executive Director	(since December 2010)
Ms. Geraldine McAteer	Non-Executive Director	(since November 2009)
Mr Duncan McCausland	Non-Executive Director	(since September 2013)
Mr. Bro McFerran	Non-Executive Director	(since November 2009)
Ms. Marie-Thérèse McGivern	Non-Executive Director	(since September 2013)
Mr Chris Thompson	Non-Executive Director	(since December 2010)
Mr. Brett Hannam	Chief Executive	(since June 2012)

Secretary

Gregor Hamilton

Auditors

Northern Ireland Audit Office

106 University Street

Belfast

BT7 1EU

Registered Office

Carleton House

Gasworks Business Park

1 Cromac Ave

Belfast

BT7 2JA

Principal Bankers

Danske Bank

8/9 Donegall Square North

Belfast

BT1 5GJ

Strategic Report for the Year Ended 31st March 2014

The directors are pleased to present their annual review and the financial statements for the year to 31 March 2014.

Principal Activities

SIB was established in April 2003 under the Strategic Investment and Regeneration of Sites (Northern Ireland) Order 2003. The legislation created the mechanisms and structures that enable ministers to coordinate work across Departments to deliver the new schools, hospitals, roads and other civic infrastructure the region requires for the 21st century.

SIB is a company limited by guarantee, Company Registration No. NI 45710. It is owned by the Office of the First Minister and deputy First Minister (OFMDFM) and financed from within that Department's expenditure limit. The Board of SIB is accountable, through its Chair, to the First Minister and deputy First Minister.

SIB supports Government Departments and Agencies to help them achieve the delivery of major investment programmes and projects at lower cost, with reduced risk and faster than would otherwise be the case. In parallel, SIB works with the private sector to stimulate market interest and ensure that companies have the information they need about Government's investment plans. SIB seeks to develop the market in ways that deliver competitive tension and thus help Departments achieve better value for public money.

SIB has four responsibilities. Firstly, it prepares the Investment Strategy for Northern Ireland (ISNI). This is a rolling ten-year plan that describes the public infrastructure Government intends to deliver. The scope of the ISNI encompasses all areas of government including education, health, and transport. It is the expression of the priorities of the Northern Ireland Executive ('the Executive'), which published the latest revision of the strategy in October 2012.

Secondly, SIB assists the public sector to develop and deliver investment programmes and projects. SIB's role is to work in partnership with Departments to accelerate delivery timetables and obtain better value for the taxpayer. SIB provides staff to fill key project management and advisory roles. Such staff have the specialist skills, knowledge and experience that suit them to the particular projects on which they are deployed.

SIB has developed expertise and techniques that can assist Departments to produce strategic infrastructure planning models. These inform infrastructure planning decisions by modelling the impact of different options for service delivery.

Ministers have tasked SIB with promoting revenue-funded projects¹ and advising departments on the use of Financial Transactions Capital² (FTC).

SIB acts as a 'bridge' between the public and private sectors across which innovation, specialist skills and market intelligence can be shared to the mutual benefit of both sectors and the wider region. SIB manages the ISNI Delivery Tracking System (DTS) and the Executive's ISNI Web Portal (www.isni.gov.uk) to keep supplier markets and other stakeholders informed about the Executive's future infrastructure development plans. Information and activities such as soft market-testing enhances value for money by encouraging market interest, competition and capacity building. SIB also liaises with the finance industry to advance the Executive's stated aim to encourage greater use, where appropriate, of alternative finance and private sector investment in the region's infrastructure.

Thirdly, SIB contains the Asset Management Unit (AMU). In 2011 the Executive authorised the establishment of this unit within SIB and tasked it with the realisation of £100m of additional capital during the period 2011-2015. The AMU also maintains the ePIMS public sector asset database, assists Departments to develop effective asset management plans and has developed and published an Asset Management Strategy for the effective and efficient management of public sector property assets.

Finally, SIB works to improve the capability of the public sector through championing reform in the systems and processes for infrastructure delivery; by developing specialist skills and capabilities and by carrying out relevant research and analysis.

Review of Results

During 2013/14 SIB continued to provide advice to Ministers and Departments in relation to the articulation and delivery of the Executive's major investment programmes. For the second year in succession, SIB has provided assistance

¹ Revenue Funded Investment (RFI) is a method of paying for infrastructure on a 'pay as you use' basis rather than the conventional 'pay as you build' model. PFI and PF2 are examples of RFI. Instead of buying an asset outright the Executive buys the right to use an asset (a hospital, school or road) that has been built and maintained by the private sector. The government then pays the private sector a fee for such use.

² Financial Transaction Capital is a new form of expenditure that must be directed to private sector entities. Its use can encompass the provision of loans; the purchase of public equity and participation in Joint Ventures.

(including research, consultancy, project management and other services) to every government Department and a range of other customers³ including agencies, NDPBs, city and local councils.

The highlights of SIB's work in 2013/14 included:

- managing projects contained in the Programme for Government such as the Lisanelly Shared Education Campus; the Community Safety College at Desertcreat, the Regional Sports Stadiums Programme; Social Housing Reform; Belfast Rapid Transit; e-Cars; Prison Reform and Education and Skills Authority (ESA) Implementation;
- supporting other projects with a regional or sub-regional significance such as arc21; the G8 Summit; HEaT; Forensic Science NI (FSNI) reform and Colin Regeneration;
- continuing to support Belfast, Derry~Londonderry and other Councils in the delivery of investment projects such as the Waterfront Hall Conference Centre, City of Culture and the North West Sports Village;
- the achievement of the Executive's targets for the realisation of capital from surplus assets; the publication of the Executive's asset management strategy and the implementation of departmental asset management plans; and
- the completion of a Regional Infrastructure Audit and a review of the systems for the commissioning and procurement of infrastructure projects.

During 2013/14, SIB:

- Provided Project Directors or Managers for the:
 - Northern Ireland Community Safety College at Desertcreat;
 - Lisanelly shared Educational Campus;
 - ESA Implementation Programme;
 - Regional Stadiums Programme;
 - Belfast Rapid Transit Programme;

³ The term 'customer' is used here to define those individuals and organisations that SIB supports. Although these are primarily ministers and government departments, the use of the term encompasses Agencies, NDPBs, councils and (where requested by Departments) third sector organisations.

- NIPS Change Programme;
 - FSNI Change Programme;
 - NIHE Change Programme;
 - Social Housing (Transaction) Project;
 - Colin Glen Regeneration Project;
 - The HEaT energy efficiency project;
 - Plugged In Places (e-cars) Project;
 - DARD Wind Farms Programme;
 - DFP Property Division Change Project;
 - Arc21 Waste management procurement;
 - Waterfront Hall Extension project;
 - World Police Fire and Games (events strand);
 - The venues for the Derry~Londonderry City of Culture;
 - HMS Caroline project;
 - RUC GC Museum;
 - Museum of Free Derry;
 - Apprentice Boys of Derry Heritage Centre Project;
 - Ebrington Underground car park project;
 - North Coast Sports Village;
 - Dunluce Castle regeneration project;
 - NI contribution to the G8 Summit;
 - Government Data Centre;
 - Enniskillen (Erne) Shared Service Facility and
 - The Maze Long Kesh (MLK) Development Corporation.
- achieved the capital realisation targets agreed with Ministers for 2013/14;
 - obtained the Executive's agreement to the publication of the Asset Management Strategy and 'State of the Estate' report;

- maintained the e-PIMS asset management database;
- assisted departments to develop and implement asset management plans;
- managed the ISNI Delivery Tracking System on behalf of the Executive; and enhanced it through the development of an electronic link to NI Water's systems; and
- completed an audit of the region's infrastructure.

In its work for Departments and other partners, SIB:

- supported the Office of the First Minister and deputy First Minister (OFMDFM) by:
 - providing the acting Chief Executive for the MLK Development Corporation;
 - advising on the management and disposal of the strategic sites passed to the Executive under the terms of the Hillsborough Agreement;
 - seconding three interns into the Delivering Social Change unit;
 - drafting business cases and providing a range of other support to the Delivering Social Change Programme; and
 - providing a project manager for the HEaT programme.
- supported the Department of Finance and Personnel (DFP) by:
 - completing a joint review of the processes and procedures for the commissioning, procurement and delivery of major capital projects;
 - seconding a SIB adviser to be Head of Properties Division with responsibility for the reform of the processes and procedures for the management of assets;
 - advising on the development of a new Government Shared Data Centre; and
 - organising a successful Infrastructure Investment Seminar at Titanic Belfast.
- supported the Department of Education (DE) by:

- providing the Change Director for the Education and Skills Authority (ESA);
- providing an Acting Director of Operations and Estates to ESA;
- providing a Programme Director for the Lisanelly Shared Educational Campus project;
- developing a new internal process for the approval of business cases;
- developing 38 business cases for the Schools Enhancement Programme; and
- providing analytical support to the department's planning for primary education.
- supported the Department of the Environment (DoE) by:
 - providing project managers to the arc21 and NWRWMG projects; and
 - seconding two interns into the department.
- supported the Department for Regional Development (DRD) by:
 - providing a Director of Projects who is managing the Belfast Rapid Transit Programme;
 - providing a project manager for the 'Plugged in Places' (e-cars) project;
 - directing a Small Business Research Initiative (SBRI) procurement for e-car 'apps';
 - seconding a transport modeller to procure a Transport Planning and Modelling Framework Managed Service; and
 - developing proposals for the use of FTC in the Belfast Transport Hub Project and funding pre-procurement project development work.
- supported the Department of Health, Social Services and Public Safety (DHSSPS) through:
 - membership of the Health Infrastructure Board;

- designing and implementing a £300m programme of revenue funded investment in primary health care facilities (including the preparation of business cases; the conduct of bidder negotiations and the provision of legal advice);
- completing an OBC for the new regional Children's Hospital;
- completing a business case for the reform of GP Out of Hours services;
- advising on the development of the 111 healthline and National Pan-endemic Flu service; and
- managing a SBRI procurement for the delivery of a medicines optimisation solution.
- assisted the Department of Justice (DoJ) by
 - providing a Director and Procurement Manager for the Community Safety College at Desertcreat;
 - providing a Director for the Northern Ireland Prison Service (NIPS) strategic change programme;
 - providing an advisor to devise and implement the NIPS estate strategy; and
 - providing a manager for the Forensic Science Agency's change programme.
- supported the Department of Culture Arts and Leisure (DCAL) by
 - providing a Programme Director for the Regional Stadiums Programme; and
 - providing a Project Manager for the World Police and Fire Games (WPFPG);
 - assisting with the development of a legacy plan for the WPFPG;
 - assisting with the on-going development of a visual arts strategy for Derry-Londonderry; and
 - part-funding and helping develop a Community Consultation Toolkit that will assist departments to conduct effective public consultations;

- supported the Department for Social Development (DSD) by
 - providing a project director and two other senior staff to advise on the transaction element of the Social Housing Development Programme;
 - providing a change director to the NI Housing Executive;
 - devising a sustainable framework for the development of the Colin Town Centre and by providing a Programme Director and other staff;
 - producing an OBC for the Sports Zone at Sally Gardens; and
 - supporting the West Belfast Partnership Board in a review of capital projects.
- supported the Department of Agriculture and Rural Development (DARD) by
 - providing a manager for its Wind Farm project;
 - providing an Asset Manager to implement the department's asset management strategy; and
 - assisting the Agri-food and Biosciences Institute (AFBI) to implement its commercialisation strategy.
- Supported the Department of Enterprise, Trade and Investment (DETI) by:
 - completing a report for the Economic Advisory Group on SME Access to Funding;
 - managing the Invest NI HQ 'invest to save' project;
 - advising on the potential for a new Belfast Media Hub;
 - providing a Project Director and PDSU for the Small Business research Initiative (SBRI) Nitrates project;
 - providing a project manager for the Apprentice Boys of Derry (ABOD) Heritage Project;
 - providing a project manager for the Museum of Free Derry Project;
 - providing a project manager for the HMS Caroline project;

- providing a project manager for the G8 Summit; and
 - managing the production of a report on the local benefits of the G8 Summit.
- supported the Department of Employment and Learning (DEL) by:
 - providing analytical support to the Regional Further Education Colleges;
 - developing proposals for further investment in FE colleges; and
 - managing DEL's Financial Transactions Capital (FTC) loan to the University of Ulster.
- supported Derry City Council through the provision of an Acting Director of Communications for the City of Culture and by funding a Project Co-ordinator for its work on the City of Culture;
- supported Ilex through the provision of a Project Manager to deliver 'The Venue'; the Turner Venue; the Cultural Hub and the Ebrington underground car park;
- assisted the Police Service of Northern Ireland (PSNI) by:
 - the provision of a Project Director and a procurement manager for the Northern Ireland Community Safety College at Desertcreat;
 - developing a Police Operations Decision Support model;
 - providing a project manager for the RUC George Cross museum project; and
 - advising on the management of the RADAR 'Safety House' project and obtaining the sponsorship required to enable it to proceed.
- supported Belfast City Council by
 - providing a project manager for the Connswater Greenway Project; and
 - providing a project manager for the Waterfront Hall conference centre extension project.

- supported the Southern Health and Social Care Trust and Banbridge District Council by advising on the redevelopment of the Rathfriland site;
- supported Fermanagh District Council in the development of a shared service facility on the Erne Hospital site at Enniskillen through the provision of a project manager;
- supported Coleraine Council through the provision of a project manager for the North Coast Sports Village project;
- supported Armagh Council in the assessment of a revised business case for the regeneration of Armagh Gaol;
- provided advice to the cross-departmental Portrush Regeneration Group and
- supported Departments and other organisations through the provision of recruitment advice.

The company has continued to develop its organisational capabilities. During the year:

- 140 days were spent on training and development activities, an average of 1.92 per full time employee (2013: 171 days: 2.76 per employee);
- One member has completed an Economics diploma course with the Open University;
- Three staff are working towards a Masters in Public Administration with University of Ulster;
- One member is finishing a PhD in Statistical Modelling of School Demand with Queens University;
- One member has commenced professional studies in public finance;
- One member completed the Women in Leadership course from the Chief Executives forum and another member has just commenced;
- All staff undertook training in probity;
- All appropriate staff undertook training in recruitment and selection and tender evaluation; and
- The organisation has continued to run its successful internship programme providing placements for ten recent graduates.

As at 31st March 2014, SIB employed 55 male members of staff and 34 females. There were 4 members of staff defined as senior managers, as at 31st March. Of these, 2 were male and 2 were female.

Of the 8 company directors, there were 6 males and 2 females.

Sustainability Report

SIB is committed to the Executive's Sustainable Development Strategy.

Policies and practices have been introduced within SIB to encourage efficiency in the use of resources. These include the 100% use of recycled paper, the introduction of multifunction printing/ copying/ scanning devices which are set to duplex printing by default and the use of efficient heaters to provide hot water for refreshments.

SIB's office accommodation was located within Clare House until Sept 13. This building was designed and built in accordance with best practice in sustainability. Its energy usage is monitored and reported. In Sept, SIB moved to Carleton House. Despite increasing its headcount during the past two years, the organisation has not increased the size of its office space. This has been made possible through the aggressive use of 'hot-desking'. The company has also, in order to reduce its carbon footprint, pursued a policy of enabling staff to work from home up to 20% of their time and to use video-conferencing as an alternative to travelling by air. During 13/14, staff recorded 645 days worked from home, saving around 24,800 miles which equates to an estimated 9.46 tonnes of CO2 emissions prevented (4.7 tonnes 12/13).

SIB promotes economic, social and environmental sustainability in all its projects. Over the past year it has, for example, promoted the development of renewable energy through its work on the Forest Service wind farm programme; encouraged the wider use of social clauses in construction and service contracts and supported sustainable economic growth through its work on the Investment Strategy. SIB has provided a manager for the e-cars project and is assisting OFMDFM with the launch of the HEaT programme.

SIB has, as in previous years, promoted consideration of sustainability issues in design and construction through its sponsorship of the Royal Society of Ulster Architects' Sustainability Award.

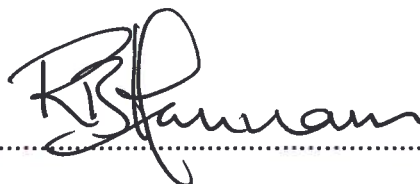
The company continues to develop its website, there were 33,711 visitors to the website during the year who viewed 96,577 pages, an average of 264 page views per day. Reports from the ISNI Delivery Tracking System are distributed monthly to Members of the Legislative Assembly and the relevant Assembly Committees.



Gerry McGinn

Chairman

Date: 10th June 2014



Brett Hannam

Chief Executive

Directors Report for the year ended 31st March 2014

Future Developments

SIB derives its strategic priorities from the targets set by Ministers in the Programme for Government⁴. These are:

- Growing a Sustainable Economy and Investing in the Future;
- Creating Opportunities, Tackling Disadvantage and Improving Health and Well-Being;
- Protecting Our People, the Environment and Creating Safer Communities;
- Building a Strong and Shared Community; and
- Delivering High Quality and Efficient Public Services.

The over-arching priority for SIB is to help government deliver “enhanced economic infrastructure”⁵.

The priority issues SIB will address are:

- the statutory requirement for SIB to advise the Executive in relation to the formulation and implementation of its programme of major investment projects;
- the need to deliver those projects to the required quality, on time and within budget;
- the need to obtain value for money for infrastructure investment (including the delivery of social value through sustainable procurements and use of assets);
- the need to make best use of existing assets and dispose of those that are surplus to requirements;
- the need to engage with the private sector more closely in order to optimise the leverage of private funding in support of public investment, (while recognising that private funds do not have general applicability across all types of infrastructure);

⁴ Programme for Government 2011-15, p29.

⁵ Programme for Government 2011-15, p30.

- the need to deliver the best possible return to the Executive through the use of Financial Transactions Capital (FTC);
- the need to support strategic infrastructure planning;
- the need to improve the infrastructure delivery capabilities of government Departments in Northern Ireland and;
- the need for continual improvement in the processes and procedures for the commissioning and procurement of major capital investment; and
- the need to develop the Company's capacity and capabilities to ensure it continues to meet the needs of its customers.

The medium-term objectives derived from the strategic objectives are:

- to keep the Investment Strategy under review in the light of changing circumstances;
- to support departmental investment planning through the provision of analytical support and advice; strategic infrastructure planning models and advice on project finance and the use of FTC;
- to deliver supported projects/ programmes in accordance with the plans set out in ISNI 2011-21 and the principles of economic, social and environmental sustainability;
- to seek effective ways to accelerate the investment timetable without compromising value for money;
- to meet Ministers' targets for the realisation of surplus assets;
- to support departments and other public bodies in the efficient and effective management of their estate;
- to identify socially valuable uses for surplus assets that cannot for the present be sold or otherwise exploited;
- to support departments in the development of strategies for the commercial exploitation of their assets;
- to foster and promote reform both in the delivery of major public sector infrastructure and as a pre-requisite for such investment;
- to work with relevant bodies and departments to ensure that their infrastructure plans are aligned and, where appropriate, that these plans

are also aligned with those in the Republic of Ireland, in accordance with North South agreements; and

- to develop the organisation and the individuals within the organisation.

SIB is currently directly contributing to the delivery of 18 actions across 13 Programme for Government commitments, (the nature of SIB's contribution is set out thus [within square brackets]):

- "to include Social Clauses in all public procurement contracts for supplies, services and construction; [Provision of Guidance (the 'Toolkit') on the use of Social Clauses; Use of Social Clauses in projects (e.g. regional stadiums)];
- to develop sports stadiums as agreed with the IFA, GAA and Ulster Rugby; [Provision of Programme Director];
- to make the Education and Skills Authority operational in 2013; [Provision of Implementation Programme Manager; interim Director of Operations; HR Team and IT Manager];
- to reduce the environmental impacts from the waste we generate; [Provision of Project Managers for two regional waste projects and Nitrates Disposal Project Manager];
- to host the World Police and Fire Games in 2013; [Provision of Project Manager for Games Delivery and Legacy strands (Complete)]
- to develop Maze/Long Kesh as a regeneration site of regional significance; [Provision of Acting Chief Executive for the Development Corporation]
- to develop the 'One Plan' for the regeneration of Derry~Londonderry, to provide financial and other support across government to ensure the success of the Derry~Londonderry City of Culture 2013; [Provision of Support to Ilex, DCC and Culture Company including Communications Director, Infrastructure Project Manager and funding for Programme Manager (Complete)];
- to provide £40 million to address dereliction and promote investment in the physical regeneration of deprived areas through the Social Investment Fund; [Provision of project management and other support to OFMDFM and DSD];

- to substantially complete the construction of the new Police, Prison and Fire Training College; [Provision of Project Manager & Procurement Manager];
- to reform and modernize the Prison Service; [Provision of Change Manager and Estates Strategy Manager];
- to progress the upgrade of key road projects and improve the overall road network to ensure that by March 2015 journey times on key transport corridors reduce by 2.5%; [Provision of DRD Director of Transport Projects];
- to invest over £500 million to promote more sustainable modes of travel; [Provision of e-Cars Project Director];
- to significantly progress work on the plan for the Lisanelly Shared Education campus as a key regeneration project.” [Provision of Project Director].

The outcomes of achieving these objectives will be that, by the end of the period covered by this plan:

- SIB has delivered strategic infrastructure planning models in key sectors, which help its customers to plan and deliver more economically and operationally sustainable infrastructure to meet contemporary and future needs across the region;
- SIB has helped Departments deliver larger and better project procurements (in terms of faster delivery, lower risk and best value) than would otherwise have been possible;
- SIB has met the targets it set for the use of Revenue Funded Investment and Financial Transaction Capital;
- SIB has met the targets set it for the generation of additional capital;
- SIB has helped Departments develop and implement asset management plans;
- SIB has advised the private and third sectors on the delivery of public sector infrastructure in ways that foster the development of the local economy;

- where it is involved, SIB has worked to ensure that sustainable development principles guide capital investment decisions on all major publicly funded buildings and infrastructure projects;
- SIB has helped Departments develop their infrastructure programme and project delivery capability so that projects and programmes can be delivered efficiently, effectively and with a reduced need for ongoing SIB support;
- SIB has provided detailed information to its stakeholders on progress with the implementation of the Investment Strategy; and
- SIB has developed as an organisation so that – insofar as this is possible within budget constraints - it meets the requirements of its stakeholders: Ministers, local representatives, the Departments, its shareholder (OFMDFM), private sector bidders, its staff and the public.

Share Capital

The company is limited by guarantee and has no share capital.

Fixed Assets

Details of the movement of fixed assets have been summarised in note 9 to the accounts. The company does not believe that there is any material difference between the market and book value of its fixed assets as at 31 March 2014.

Financial Assets

In the course of 2013/14 SIB made a loan of £25m to the University of Ulster at Jordanstown (UUJ). The funding for this loan, made using Financial Transactions Capital, was provided to SIB by the Department of Finance and Personnel through OFMDFM at the request of the Department of Employment and Learning. The loan will support the development of the university at its central Belfast campus. The NI Executive agreed that the loan should be channelled through SIB in accordance with SIB's particular vires. The loan will be repaid by UUJ and the receipts returned to DFP through OFMDFM.

Employee Policy

SIB is committed to the development of its staff and to policies that enable them to contribute to the performance and long-term effectiveness of the organisation.

In particular, the company:

- follows the Northern Ireland Civil Service policy that all eligible persons shall have equal opportunity for employment and advancement on the basis of their ability, qualification and aptitude for the work;
- gives equality of opportunity when considering applications from disabled persons, in compliance with all existing legislation with regard to disabled employees;
- recognises the benefit of keeping employees informed of the progress of the business and of involving them in the company's performance; and
- regularly provides employees, through meetings and notices, with information regarding the financial and economic factors affecting the performance of the company and on other matters of concern to them.

Data Protection and Freedom of Information

SIB is required to report on personal data related incidents. Within its Government framework, SIB has an explicit control system to meet its responsibility under Data Protection and Freedom of Information. The control system has been established to ensure that appropriate handling of personal data and information used for operational and reporting purposes through the development of appropriate strategy and policy. In the 13/14 year SIB received eight Freedom of Information (FOI) requests, and responded to all of them within the 20 day deadline. SIB will continue to monitor and assess its information risks in order to identify and address any weakness and ensure continuous improvement of its systems.

There were no incidents of personal data loss recorded within the period under review.

Absence Data

Listed in the table below are the sick absence results for SIB:

	<i>Working Days lost 13/14</i>	<i>Average days lost per FTE member of staff</i>	<i>Absence rate 13/14 %</i>
Including long-term absence	247.5	3.45	1.59
Excluding long term absence	116.5	1.85	0.84

	<i>Working Days lost 12/13</i>	<i>Average days lost per FTE member of staff</i>	<i>Absence rate 12/13 %</i>
Including long-term absence	169	2.89	1.14
Excluding long term absence	62	1.06	0.42

Payments to Suppliers

SIB is committed to the prompt payment of bills for goods and services received, in accordance with the British Standard for Achieving Good Payment Performance in Commercial Transactions (BS 7890), and with the Late Payment of Commercial Debts (Interest) Act 1998 as amended. SIB follows DAO 12/08 "Supporting Businesses Prompt Payment of Invoices" which introduced a prompt payment target of ten days, with effect from December 2008. In the year ended 31 March 2014, SIB has paid 87% of its suppliers within 10 days (86% in 12/13).

During the 2013-14 financial year, 98.5% of suppliers were paid within 30 days.

Financial Position and Resources

SIB is funded by its sponsor Department, OFMDFM. OFMDFM has indicated that it intends to continue to fund the organisation for the foreseeable future and has provided indicative budgets up to the end of the current budget period in 2014/15. The organisation has the staff resources required to achieve its current business objectives.

Financial Key Performance Indicators

In the 2013/14 financial year, SIB spent 100% of its budget allocation from OFMDFM.

The average cash held in the bank throughout the year was £849,160.

Applying the Creditor Days ratio as at 31st March 14, the proportion that is the aggregate amount owed to trade creditors at the year end compared with the aggregate amount invoiced by suppliers during year, expressed as a number of days in the same proportion to the total number of days in the financial year was 25.1 In 2012/13 the ratio was 25.5. This ratio is based at a point in time, and therefore does not suggest that an issue with prompt payment of creditors exists.

Statement of Directors' Responsibilities

United Kingdom company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the surplus or deficit of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that they have received assurance that the financial statements have been prepared in line with the requirements above.

The directors confirm that so far as they are aware, there is no relevant audit information of which the auditor is unaware, and the directors have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Accounting Officer for OFMDFM has designated the Chief Executive as the Accounting Officer for SIB. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of public finances and for the keeping of proper records, are set out in the Accounting Officer Memorandum, in compliance with Chapter 3 of Managing Public Money NI, and Annex 1 FReM 13/14.

Related Parties

Details of the company's related parties are set out in note 7 to the financial statements and in the Remuneration Report.

Pension Policy

See remuneration report on page 25.

Charitable Donations

The company made no charitable donations during the period.

Going Concern

The accounts are prepared on a going concern basis as it is assumed the the parent department OFMDFM will continue to fund its activities. SIB's 3 year corporate plan is approved annually by OFMDFM.

Corporate Governance

The company's Statement of Corporate Governance is set out on page 32.

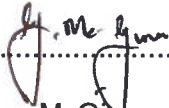
Statement of Disclosure of Information to Auditors

The directors confirm that, for all directors in office at the date of this report:

- so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware. For this purpose, "relevant audit information" comprises the information needed by the company's auditors in connection with preparing their report; and
- each director has taken all the steps (such as making enquiries of other directors and the auditors and any other steps required by the director's duty to exercise due care, skill and diligence) that he or she ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

Under the Companies (Public Sector Audit) Order (Northern Ireland) 2013, the Comptroller and Audit General has statutory responsibility for the audit of the Strategic Investment Board Limited under the Audit and Accountability (NI) Order 2003.



.....
Gerry McGinn

Chairman

Date: 10th June 2014



.....
Brett Hannam

Chief Executive

Remuneration Report For the year ended 31 March 2014

The Remuneration Committee consists of non-executive board members of the company. The Remuneration Committee is currently chaired by Bro McFerran. Other members are Gerry McGinn, Duncan McCausland and Chris Thompson. The Chief Executive attends as an observer and the HR Manager provides a secretariat function.

The committee considers and, if satisfied, approves all appointments to posts with a salary greater than £50,000 pa. The Chief Executive was delegated the authority to approve salaries below this threshold, commencing March 2012.

The Committee's also considers other matters relating to pay and performance. Pay awards are made within the parameters set by the Department of Finance and Personnel.

Service Contracts

Remuneration of senior members is set out in their contracts and may be subject to annual review under NICS pay remit guidelines. Such review requires the approval of the Minister of Finance. SIB is currently awaiting the outcome of its 2013/14 pay remit submission.

The notice period for all SIB staff is one month.

The arrangements for early termination of senior members are made in accordance with the employment contract of the relevant individual. SIB's liabilities in the event of termination do not, at present, exceed those set out in statute. During the year no early termination payments were paid to these members.

In previous years each member of permanent staff participated in a discretionary bonus scheme. The bonus was linked to the individual's and corporate performance. Bonus payments were non-consolidated and non-pensionable. The bonus scheme has not operated since the 08/09 financial year and consequently no bonuses were paid in the current year.

Non-executive directors have fixed-term appointments not exceeding three years. These appointments are renewable. Individual appointments are made, and remuneration levels set, by OFMDFM after consultation with the Chairman.

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

The banded remuneration of the highest-paid director in SIB in the financial year 2013/14 was £140,000 (2012/13, £140,000). This was 1.8 times (2012/13, 2.2 times) the median remuneration of the workforce, which was £79,000, up £15,500 on prior year (2012/13, £63,500) due to an increase in senior staff and the recent Internship scheme coming to end.

In 2013/14, one employee received remuneration in excess of the highest-paid director, (2012/13, nil employees). Remuneration ranged from £11,000 to £150,000 (2012/13 £11,000- £140,000).

Total remuneration includes salary and benefits-in-kind but does not include severance pay. There were no severance payments made in 13/14. It does not include employer pension contributions and there were no bonus payments made in 13/14.

Directors Emoluments (Audited)

The following directors received emoluments directly from the company during the year.

	Year ended 31 March 2014			31-Mar-13
	£s			
	Salary	Bonus	Total	Total
Hannam B *	140,250	-	140,250	137,500
McGinn G	8,000	-	8,000	0
Dobbin D **	5,333	-	5,333	16,000
McAteer G	11,000	-	11,000	11,000
McFerran A	11,000	-	11,000	11,000
Hewitt F	11,000	-	11,000	11,000
Thompson C	11,000	-	11,000	11,000
McCausland D	5,500	-	5,500	0
McGivern MT	5,500	-	5,500	0
Rooney D***	0	-	0	6,417
Total			<u>£ 208,583</u>	<u>£ 203,917</u>
Highest Paid Director Remuneration			£ 140,250	£ 137,500
Median Total Remuneration (staff)			£ 79,000	£ 63,500
Total Remuneration (incl Pension)			£ 5,432,380	£ 4,157,634
Ratio			1.8	2.2
Pension				
Hannam B				£ 14,250
Total				<u>£ 14,250</u>

* B Hannam's remuneration is £140,000 pa. He received £250 back pay in relation to 12/13 pay remit.

** D Dobbin left July 13

*** D Rooney left Oct 12

Directors' emoluments consisted of basic salary only. There were no bonus payments, benefits in kind or non-cash benefits provided to any director during the year. G McGinn, D McCausland and MT McGivern were all appointed to the board on 23rd Sept 2013. Brett Hannam was appointed as Chief Executive on 1st June 2012 and received an increase in remuneration from £125k to £140k which amounted to a total remuneration of £137,500 in 12/13. In 13/14 a single payment of £250 in relation to the 12/13 pay remit was due to B Hannam, increasing his earnings from £140,000 to £140,250 in year. His base salary remains at £140,000 currently.

Pensions

As per FD (DFP) 06/14, total remuneration including pension payments are disclosed in the remuneration table. Directors do not receive pension benefits. SIB operates a defined contribution pension scheme for all permanent staff. The employer makes a contribution of 10% of basic salary to the company's pension scheme or a registered pension scheme of the employee's choice. The employee does not have to contribute to this scheme. SIB also contributes to a centrally-provided risk benefit scheme (that provides cover for death in service and retirement due to ill health).

Fees to Third Parties

There were no amounts paid, excluding expenses, to third parties in respect of directors of the company in 2013/14.

Expenses reimbursed to/incurred in respect of non-executive directors were as follows:

	Year ended 31-Mar 2014 £	Year ended 31-Mar 2013 £
D McCausland	172	-
F Hewitt		277
C Thompson	285	202
	<u>457</u>	<u>479</u>

Transactions Involving Directors and Related Parties to SIB

Due to the nature of SIB's operations and the composition of its Board, it is inevitable that there will be relationships or transactions with companies and organisations in which Board members may have a beneficial or non beneficial interest or with which they have a relationship. A beneficial interest is when the Board member is either,

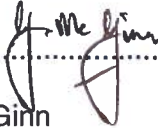
directly or through a family connection, a material shareholder or receives remuneration (including expenses) from the entity.

The following table lists the related party relationships involving SIB, and any Board Members interests during the year ended 31st March 2014.

Board Member	Related Party to SIB	Nature of Relationship with SIB	Board Member's Interest	Financial Reward from Related Party (if any)
G McGinn	Invest Northern Ireland	SIB is providing technical project support to Invest NI. Invest NI provides funding to the projects.	Board Member	Remuneration
B Hannam	Culture Company 2013	SIB provided advice and support to Culture Company	Member was a Non-executive director of Culture Company	None
B Hannam	Armagh Observatory and Planetarium	SIB provides advice to DCAL and AOP	Member is a on the Management Board of AOP.	None
F Hewitt	Invest Northern Ireland	SIB is providing technical project support to Invest NI. Invest NI provides funding to the projects.	Non Executive Board Member	Remuneration
F Hewitt	Northern Ireland Transport Holding Company	SIB provides support to Translink on various projects.	The member is a Non-executive director of NITHCO	Remuneration
F Hewitt	NI Science Park	SIB has provided advice in respect of NISP.	Member is the Chairman of NISP	Remuneration
G McAteer	West Belfast Partnership Board	SIB has provided advice to WBPB	Member is Chief Executive Officer of WBPB	Remuneration
D McCausland	Maze Long Kesh Development Corporation	SIB provides support to the MLK Development Corporation	Member is a Non-executive director of the MLK Development Corporation	Remuneration
D McCausland	Tourist Board	SIB has provided support to the NITB on various projects.	Member is a Non-executive director of NITB.	Remuneration

Board Member	Related Party to SIB	Nature of Relationship with SIB	Board Member's Interest	Financial Reward from Related Party (if any)
D McCausland	G4S (NI)	G4S (NI) has a contract for the supply of security services to NICS, which includes Maze/Longkesh and Carleton House occupied by SIB.	Member is an employed associate of G4S(NI)	Remuneration
D McCausland	PwC	SIB has awarded contracts to PWC	Member is an employed associate of PWC.	Remuneration
A F McFerran	Culture Company 2013	SIB provided advice and support to Culture Company	Member was an advisor to Culture Company	None
A F McFerran	Danske Bank (Northern Bank)	SIB banks with Danske Bank	Member is a Non-executive director of the bank.	Remuneration (Resigned as of 31 March 2014)
A F McFerran	NI Science Park	SIB has provided advice in respect of NISP.	Member is a Non-executive director of NISP Trust Foundation.	None
MT McGivern	Titanic Foundation	SIB has provided support and advice to Titanic Foundation.	Member is a Non-executive director of Titanic Foundation.	None
C Thompson	G4S (NI)	G4S (NI) has a contract for the supply of security services to NICS, which includes Maze/Longkesh and Carleton House occupied by SIB.	Member is an employed associate of G4S(NI)	Remuneration
C Thompson	Police Service of Northern Ireland	SIB provides advice and support to the PSNI on various projects.	The PSNI occasionally employs member as a consultant.	Remuneration
D Dobbin	Belfast Harbour Commissioners	SIB provided advice to Ministers regarding Belfast Harbour.	Member is a Harbour Commissioner	Remuneration
D Dobbin	Invest Northern Ireland	SIB is providing technical project support to Invest NI. Invest NI provides funding to the projects.	Non Executive Board Member	Remuneration

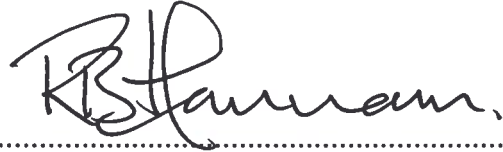
SIB maintains a register of the interests for the members of the Board of Directors that is published on the SIB website, www.sibni.org, and is also available upon request to the Company Secretary.



G McGinn

Chairman

Date: 20th June 2014



Brett Hannam

Chief Executive

Statement of Accounting Officer's Responsibilities

Under the under the terms of the Strategic Investment and Regeneration of Sites (Northern Ireland) Order 2003 the Office of the First Minister and deputy First Minister (with approval from DFP) has directed SIB to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of SIB and of its income and expenditure, changes in taxpayers' equity and cash flows for the financial year.

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

- observe the Accounts Direction issued by the Department of Finance and Personnel, including 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 *Government Financial Reporting Manual* have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on a going concern basis.

The Accounting Officer of OFMDFM has appointed the Chief Executive as the Accounting Officer of SIB. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the SIB's assets, are set out in *Managing Public Money Northern Ireland* published by DFP.

Annual Governance Statement – For the year ended 31st March 2014

Introduction

The Strategic Investment Board (SIB) is a company limited by guarantee, owned by the Office of the First Minister and deputy First Minister (OFMDFM) and functioning as one of that Department's Arm's Length Bodies (ALBs). It is financed from OFMDFM's departmental expenditure limit (DEL). Its board reports directly to the First Minister and the deputy First Minister.

This statement is given in respect of SIB's Account for 2013/14. The Governance Statement comprises two broad elements. The Statement describes SIB's governance framework; identifying responsibilities and explaining the functions of its constituent elements. Secondly, the Statement reports my assessment as Accounting Officer of the effectiveness of the framework during the reporting period. The report identifies any significant governance issues and concludes with a review of SIB's conformance with the Code of Conduct 2013.

The Purpose of the Governance Framework

The purpose of the Governance Statement to report publicly on the extent to which SIB complies with its code of governance, including how it has monitored and evaluated the effectiveness of its governance arrangements in the year. The process of preparing the governance statement itself adds value to the effectiveness of the corporate governance and internal control framework.

The Governance Framework

Overview of the Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which SIB is directed and controlled.

The system of internal control is a significant part of this framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve SIB's aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

The governance framework described below has been in place in SIB for the year ended 31 March 2014. It comprises:

- the Board;
- the Accounting Officer;
- the Audit Committee;
- the Internal Audit function; and
- the External Audit function.

These organisational structures, together with an overview of their responsibilities and performance in year, are set out in the relevant sections below.

The framework also includes a number of additional elements that contribute to the effective governance of the organisation. These comprise:

- The Investment Committee
- The Management Statement and Financial Memorandum;
- OFMDFM Oversight Arrangements;
- The Corporate and Business Plans;
- The Performance Management Framework;
- The Risk Management Framework;
- Financial Policies and Procedures;
- Operational Partnership Agreements;
- Customer Feedback and Performance Reports;
- Whistleblowing Arrangements; and
- The Fraud Prevention Strategy and Response Plan.

These elements, together with an assessment of their effectiveness in year, are described in the relevant sections below.

The Accounting Officer

As Accounting Officer, I have responsibility for maintaining a sound system of internal governance that supports the achievement of SIB's aims and objectives. I also have responsibility for the propriety and regularity of the public finances allocated to SIB and for safeguarding public funds and assets: in accordance with the responsibilities assigned to me in the Corporate Governance Code and Managing Public Money Northern Ireland.

In my role as Accounting Officer, I function with the support of the SIB Board ('the Board'). This includes highlighting to the Board specific business risks and, where appropriate, the measures that can be employed to manage these risks.

The Board

The Board is chaired by a non-executive Director. It supports the delivery of effective Corporate Governance and operates within best practice guidelines set out in "*Corporate Governance Code of Good Practice (NI)*"⁶. The Board takes an objective long-term view of the business of the organisation, leading its strategic planning process and me in meeting my corporate governance responsibilities.

The Terms of Reference of the Board make clear its responsibility to establish and oversee the organisation's Corporate Governance arrangements. Notwithstanding this, all tiers of management have commensurate responsibilities for ensuring that good governance practices are followed within the organisation.

Under the general guidance and direction of the OFMDFM Ministers, the key aspects of the Board's role include:

- setting the strategic direction for the organisation, including its vision, values and strategic objectives; overseeing the implementation of its corporate and business plans, monitoring performance against objectives and supervising its budget;
- leading and overseeing the process of change and encouraging innovation, to enhance the organisation's capability to deliver;
- overseeing the strategic management of staff, finance, information and physical resources, including setting training and health and safety priorities;
- establishing and overseeing the implementation of SIB's corporate governance arrangements, including risk management; and
- overseeing and monitoring the organisation's progress against all of its equality of opportunity and good relations obligations.

The Board is required to act in accordance with the responsibilities assigned to it in the *Corporate Governance Code of Good Practice (NI)* and *Managing Public Money Northern Ireland*.

⁶ Issued under DAO (DFP) 06/13 in April 2013.

The Board operates as a collegiate forum under the leadership of the Chair. It ensures that the appropriate strategic planning processes are in place and that there is effective operational management of their implementation. The Board operates in an advisory and consultative capacity, offering guidance when sought. Day-to-day operational matters are my responsibility and that of senior staff. The Board does not direct me on how such business should be run, unless in exceptional circumstances, of which none occurred during this reporting period.

Each Non-Executive Board Member participates in the high-level corporate decision-making process as a member of the Board; contributes to the operation of corporate governance arrangements within the organisation and supports me in my roles of Chief Executive and Accounting Officer.

As Chief Executive, I am responsible for organising the agenda for monthly Board meetings and ensuring the Chair and Board members are provided with timely information to support full discussion at each meeting.

The Board receives monthly written reports from me; the head of the Asset Management Unit and head of Investment Strategy. It also receives a monthly financial and budget monitoring report and a pack of relevant media reporting.

I provide quarterly reports on the status of supported projects; delivery of business plan objectives; expenditure against plan; resource inputs by project; requests made under the Freedom of Information Act; press reporting of SIB; usage of the SIB web sites; Assembly Questions relevant to SIB; absence management; recruitment; communications; legal work and requests for SIB support. Strategic Advisers and Project Managers provide the Board with quarterly reports on the progress of their work.

The Board maintains a Register of Interests that is published on the SIB web site. This lists, for each Director, all commercial and other relevant interests. A similar register is maintained by all SIB staff. The published versions of the registers are updated every six months but Directors and staff are required to report any significant changes as they occur.

Each Board and committee meeting begins with those present declaring any conflicts of interest that may arise from agenda items. The Terms of Reference for the Board set out how such conflicts should be managed should they arise. These terms require a Director with a conflict of interest to withdraw from any discussion of the relevant matter and to abstain from any associated vote.

In 2013-14 Board members declared possible conflicts of interest relating to particular projects and their involvement in organisations with which SIB works. These were recorded in the minutes of the meetings. On no occasion was a Director required, on account of such interests, to withdraw from any meeting.

In 2013-14, the Board comprised the following members:

Mr Gerry McGinn	Chairman (from September 2013)
Dr. David Dobbin	Chairman (from November 2009 to August 2013) Non-executive Director (from October 2005 to August 2013)
Mr. Frank Hewitt	Non-Executive Director (since December 2010)
Ms. Geraldine McAteer	Non-Executive Director (since November 2009)
Mr Duncan McCausland	Non-Executive Director (since September 2013)
Mr. Bro McFerran	Non-Executive Director (since November 2009)
Ms. Marie-Thérèse McGivern	Non-Executive Director (since September 2013)
Mr Chris Thompson	Non-Executive Director (since December 2010)
Mr. Brett Hannam	Chief Executive (since June 2012)

The Board held ten meetings and an away-day during 2013-14. Attendance was as follows:

Director	Meetings Attended	Possible Attendance
Dr. David Dobbin	2	2
Mr. Gerry McGinn	6	6
Mr. Frank Hewitt	8	10
Ms. Geraldine McAteer	7	10
Mr Duncan McCausland	6	6
Mr. Bro McFerran	7	10
Ms. Marie-Thérèse McGivern	4	6

Mr Chris Thompson	10	10
Mr. Brett Hannam	9	10

The November 2013 Board meeting was held in the offices of Ilex URC in Derry~Londonderry.

In the absence of a permanent Chair, Mr C Thompson chaired the August and September 2013 meetings of the Board.

In 2013-14 the SIB Board considered the following standing agenda items:

- Minutes of the Previous Meeting;
- Chairman's and Directors' business;
- Chief Executive's report, which included reports on significant developments in projects supported by SIB; governance and staffing issues;
- Head of AMU's report, which included reports on the development and implementation of the Asset Management Strategy and the achievement of the executive's targets for capital release;
- Head of Investment Strategy's report, which included reports on the development of Strategic Planning Models and the infrastructure Audit;
- Finance Report; and
- Media Report.

The Board took quarterly reports on projects, corporate performance; resource utilisation, requests for SIB support and other related matters (see Para 20 on page 4).

The Board heard individual reports on, and then discussed, the following programmes and projects:

- Delivering Social Change;
- The HEaT Project;
- The Review of Commissioning and Procurement;
- The Infrastructure Audit;
- Alternative Finance and Use of Financial Transactions Capital;
- Desertcreat;

- The Strategic Waste Programme;
- Support for Ilex;
- Strategic Planning Models;
- Primary Care Infrastructure;
- The Police Operations Decision Support System; and
- Urban Villages

The Board received the following reports from its sub-committees:

- Five reports from the Audit Committee, one of which covered Internal Audit reports on whistle-blowing allegations made against SIB staff (see below), together with the Audit Committee Annual Report;
- Two reports from the Remuneration Committee;
- One report from the Strategy Committee.

In addition the Board considered the following matters:

- The draft annual Report & Accounts;
- The draft Corporate and Business Plans;
- The draft Ministerial 'Letter of Expectation';
- Proposals for Membership of Board Sub-Committees;
- The Board Business Schedule;
- The Communications Strategy;
- The Risk Register (twice) and Risk Appetite Statement; and
- The move to Carleton House.

The Chairman asked two non-executive Board members to review the operations of the Board. This review concluded in March 2014 and its findings were reported to the Board after the end of the reporting period, in April 2014.

The Board has arranged additional training in Corporate Governance. This was delivered by CIPFA in April 2014.

Board Committees

The Board operates the following committees:

- The Audit Committee, which provides assurance to the Board, (and indirectly the shareholder – OFMDFM), that the company's financial and other control systems are operating effectively;
- The Strategy Committee, which scrutinises and supports the development of long-term plans and policies and the delivery of analytical support and research;
- The Remuneration Committee, which approves senior appointments and salaries and scrutinises recruitment; and
- The Communications Committee, which scrutinises the organisation's strategic communications and engagement work.

All appointments to committees are confirmed in writing by the Chairman. Members are provided with the terms of reference of the committee, details of the committee's membership; an account of the members' responsibilities and a copy of the 'Nolan Principles'.

The Audit Committee

The Audit Committee's terms of reference set out its purpose as being to support me as Accounting Officer in monitoring risk, control and governance systems (including financial reporting). Additionally the Committee will advise the Board and the Accounting Officer on the adequacy of audit arrangements (internal and external) and on the implications of assurances provided in respect of risk and control. The Audit Committee does not have executive powers.

The Audit Committee and its Chair are appointed by the Board from amongst its non-executive members and a quorum comprises not less than two non-executive members. The Audit Committee Chair is a non-executive member of the Board other than its Chair.

In addition to its members, the following normally attend meetings of the Committee:

- The Accounting Officer;
- The Internal Auditor;
- The External Auditor;

- A representative of OFMDFM;
- The Finance Manager (Secretary to the Committee); and
- The Information and Compliance Manager.

In line with best practice set out in the HMT Audit Committee Handbook, the chair of the ARC approves an agreed agenda of work for its meetings, which will include:

- The review of the corporate risk register;
- scrutiny of the annual accounts;
- review of Stewardship Statements;
- consideration of internal and external audit strategy;
- review of internal and external audit findings;
- consideration of fraud;
- consideration of any Directly Awarded Contracts;
- consideration of DAO letters; and
- the monitoring of residual audit recommendations.

The committee usually reviews its own effectiveness annually. The committee Chairman reviews the effectiveness of its members and reports on this to the Board Chairman annually.

The Committee chairman reports after each meeting to the Board on any significant issues that have arisen. The Committee Chair, on behalf of the committee, reports in writing once a year to the Accounting Officer and the Board on the findings and conclusions of the committee for the past year.

The membership of the SIB Audit Committee in 2013-14 comprised:

	Attendance
Mr Chris Thompson (Chair);	6/6
Mr Frank Hewitt;	5/6
Mr Bro McFerran (Until February 2014);	3/5
Mr Duncan McCausland (from February 2014);	1/1
Ms. Marie-Thérèse McGivern (from February 2014); and	0/1

Ms Geraldine McAteer

(from February 2014).

0/1

The Audit Committee met six times in 2013-14. All meetings were quorate.

The Board reviewed the SIB's financial accounts in May 2013 and recommended that they should be adopted by the Board. The Auditor and Comptroller General issued an unqualified audit opinion on the 2012-13 accounts.

The committee took three reports from its internal auditors. The results were as follows:

Corporate Governance, Fraud and Risk Management	<i>SATISFACTORY</i>
IT, Infosec and Business Continuity Planning	<i>SUBSTANTIAL</i>
Income and Financial Management	<i>SUBSTANTIAL</i>

All recommendations from the internal audit reports were accepted.

The internal auditor's overall assurance rating for 2013-14 was substantial.

The committee reviewed risk and the risk register at its meetings. It made recommendations regarding risk ownership and paid particular attention to Procurement Risks and Information Assurance risks.

The committee reviewed all instances of Directly Awarded Contracts (DACs) made during the year and was content that all were managed appropriately.

The Board reviewed and approved the internal audit plan and considered the external audit strategy.

No instances of fraud or suspected fraud were identified during the reporting period.

The committee jointly oversaw an investigation of anonymous allegations made against two SIB staff. This matter is further reported below.

The committee received a report from the Chief Executive on the results of a disciplinary investigation into an alleged breach of trust. This matter is further reported below.

No other investigations were undertaken during the reporting period.

The Board reviewed the implementation of previous audit recommendations and was content.

The Board reviewed the Stewardship Statements submitted by the Chief Executive to OFMDFM and was content.

The committee last completed a self-assessment exercise in December 2012. The committee last reviewed its terms of reference in February 2013. Once the new Audit Committee has worked together for more than six months it will review its own effectiveness.

The committee met the internal and external auditors twice in the absence of the executive. No matters were raised with the executive as a result of these meetings.

The committee submitted a formal written report on its work to the SIB Board in May 2013. The Chair reported orally to the SIB Board after each of the committee's meetings.

The committee noted DAO letters issued during the reporting period. It also considered a number of other relevant reports and papers.

Sources of Independent Assurance

The Department obtains Independent Assurance from the following sources:

- Internal Audit; and
- The Northern Ireland Audit Office.

The primary role of Internal Audit is to provide the Accounting Officer and the Board with an independent and objective opinion on risk management, control and governance, by measuring and evaluating their effectiveness in achieving the organisation's agreed objectives. Internal Audit provides independent assurance by giving an independent opinion on the adequacy and effectiveness SIB's system of internal control to me as Accounting Officer and the Audit Committee.

SIB's internal audit services are provided by ASM, a representative of which attended all SIB Audit Committee meetings.

During the reporting period the contract for Internal Audit services was re-tendered through open competition. Following the competition, which was administered independently by CPD, ASM was reappointed.

I am independently advised by the Head of Internal Audit who operates in accordance with Public Sector Internal Audit Standards (PSIAS).

SIB is also subject to independent scrutiny from the Northern Ireland Audit Office. The Audit Office is independent of Government and is tasked by the Assembly to hold the Northern Ireland Departments and their Agencies to account for their use of public money. The Comptroller and Auditor General works closely with the Assembly's Public

Accounts Committee which can require Accounting Officers and senior officials to account for their actions in relation to the management of public funds.

A representative from the Northern Ireland Audit Office attends all SIB Audit Committee meetings.

Other Board Committees

The Strategy Committee met twice during the reporting period. Its main work was the instigation and monitoring of an audit of Northern Ireland's infrastructure. This work is on-going.

The Remuneration Committee met twice during the reporting period. In addition, it considered out of committee, by written procedure, proposals for senior appointments. All such appointments were formally ratified at the following meeting. The committee considered proposals for a cost of living pay increase and initiated a review of SIB pay policy, which is on-going.

The Communications Committee did not meet during the reporting period.

Board Effectiveness

The evidence presented in the preceding sections provides me with assurance that the Board operates effectively. The appointment of a new Chairman and new Board members meant that it was not appropriate, at this stage, to carry out a full self-assessment of the Board's performance. However, this will take place in the next reporting period.

The Investment Committee

The Investment Committee is an internal executive management committee. Its purpose is to appraise expenditure proposals, ensuring that the principles of regularity, propriety, probity and value-for-money are achieved and that the proposed investment of resources is consistent with SIB's overall aims and objectives.

The committee remit includes the consideration of business cases for the employment of staff and Post-Project Evaluations.

All proposals (business cases) for new posts go to the Investment Committee. If the business case is approved and the salary is under £50k then I have derogation from the remuneration Committee to approve the resulting appointment. If the business case is approved and the salary is above the derogation, then I submit a separate proposal to the Remuneration Committee for its consideration.

The committee consists of the Chief Executive, the Legal Director, Compliance Manager and Finance Manager. A Principal Officer from OFMDFM attends as an observer. Minutes are prepared after the meeting by the finance team, which record the committee's decisions. These are made available to OFMDFM and the internal and external auditors. A sample of the Business cases is assessed for their quality and conformance to the prescribed requirements by OFMDFM and DFP economists. Representatives of the NIAO usually attend at least one meeting per year.

The Investment Committee met ten times during the reporting period. It approved 89 business cases with a total value of £7,431k. Of these, 37 (£4,725k) were cases for the employment of staff and 52 (£2,706k) were for external support or direct contributions to departmental projects. Six business cases were not approved in the period.

Through its work the committee has provided assurance that SIB adheres to the procurement and appraisal procedures set out in its MSFM, DFP guidance and procurement regulations, and that its budget is used with due regard for probity and value for money.

SIB awarded contracts directly on five occasions during the reporting period. Two of these required the approval of the OFMDFM Accounting Officer, which was obtained prior to award. All instances were reported to, and approved by, the SIB Audit Committee.

The Management Statement and Financial Memorandum (MSFM)

The MSFM is a key control document. The management statement sets out the broad framework within which the SIB will operate, in particular it defines:

- the SIB's overall aim, objectives and targets in support of OFMDFM's wider strategic aims and current Public Service Agreement (PSA);
- the rules and guidelines relevant to the exercise of the SIB's functions, duties and powers;
- the conditions under which any public funds are paid to the SIB; and
- how the SIB is to be held to account for its performance.

The associated Financial Memorandum sets out in greater detail certain aspects of the financial provisions which the SIB is required to observe, including delegated financial authorities.

OFMDFM Oversight Arrangements

Within OFMDFM, the Strategic Investment Unit (SIU) is the sponsoring Division for SIB. SIU, in consultation as necessary with OFMDFM's Additional Accounting Officer, is the primary source of advice to Ministers on the discharge of their responsibilities in respect of the SIB, and the primary point of contact for the SIB in dealing with the Department. SIU carries out its duties under a senior officer who has as one of his/her primary responsibilities the duty of overseeing the activities of the SIB.

In order to discharge its duties on behalf of the sponsor Department, SIU administers the following oversight controls:

- Quarterly Stewardship Statements; (see below)
- Quarterly Performance Reports; (to a format set out in the MSFM)
- Financial Monitoring Reports; (in a standard format)
- Monthly Stocktake Meetings; (attended by the Chief Executive) and
- Quarterly Accountability and Oversight Meetings; (attended by the Chief Executive and senior SIB staff).

The Quarterly Stewardship statement, prepared under my direction and signed by me as Chief Executive, provides information and assurance in the following areas:

- Business Planning;
- Business cases (including Economic Appraisal, and Post Project Evaluation);
- Consultancy;
- Forecasting & Monitoring of Expenditure;
- Procurement;
- Information Assurance;
- Business Continuity Plans;
- Staff (including attendance, gifts and hospitality);
- Third Party Organisations;
- Internal & External Audit Reports; and
- Other significant issues.

During the reporting period I have submitted Quarterly Stewardship Statements to OFMDFM as requested by the department. These have been considered by the SIB Audit Committee.

I have attended, with senior staff, Quarterly Accountability Meetings with the OFMDFM Accounting Officer or his deputy and senior staff from the Department.

I have attended monthly Stocktake Meetings with senior officials from OFMDFM.

Senior SIB staff and I have operated a 'no surprises' policy in respect of ensuring that officials in the department are aware of all material events, transactions and other issues that could be considered contentious or attract public comment, whether positive or negative.

The MSFM was last reviewed and amended in 2012/13.

The Corporate and Business Plan

The Corporate and Business Plans are the main planning documents for SIB. The purpose of this Corporate Plan is to set out the medium term objectives SIB and describe the corporate strategy it will follow to achieve them. The annual Business Plan develops the Corporate Plan by defining in detail SIB's targets for the year ahead, the resources it will employ and the activities it will undertake.

The format of the three-year Corporate Plan is defined in the organisation's Management Statement and Financial Memorandum (MSFM) and comprises two elements:

- Section 1 describes the context within which SIB operates. It begins with a review of the organisation's work in 2012/13 and shows how this supported the achievement of the Executive's objectives. This section also documents those factors that SIB takes into account when determining how it can best reach its own goals and meet the needs of its customers. It sets out those factors that may significantly affect the organisation's ability to execute the plan, including an assessment of key risks. Finally it explains the policy context within which the company operates. An important element of this section is the Letter of Expectations sent to the SIB Chair by the First and the deputy First Ministers. These requirements define the strategic direction of the company and provide the context within which SIB's Board determines the company's operating strategy.

- Section 2 sets out SIB's medium-term corporate strategy. It defines the company's vision, its strategic priorities, objectives and desired outcomes. The section also provides a high-level description of the approach SIB will take to the achievement of these goals and outcomes. The section concludes by enumerating the resources the company expects to use to achieve its objectives.

The annual Business Plan defines SIB's business targets for the year ahead. The Business Plan is derived from the three-year Corporate Plan, which sets out SIB's medium term objectives and high-level corporate strategy. Taken together these documents describe the outcomes and the outputs it will deliver using the resources SIB have been allocated.

The Corporate and Business Plans are drafted by the Chief Executive with input from senior staff and key stakeholders. The plan is considered in draft by the SIB Board and OFMDFM. Once approved it is presented to Ministers and the Department of Finance and Personnel.

The Board considered two drafts of the Corporate and Business Plans (including the draft Ministerial Letter of Expectation). All staff had the opportunity to contribute to and comment on the plans. Business Plan objectives were developed in consultation with the relevant staff and with customers (where appropriate). OFMDFM officials also commented on the draft plans and made suggestions for their improvement.

The Performance Management Framework

SIB operates within a performance management framework that is consistent with the government's FABRIC⁷ approach. The SIB Performance Management Framework ensures the framework is:

- Focused on the core aims and objectives of the organisation;
- that it is Appropriate, in that it delivers to stakeholders the information they need;
- Balanced because it covers all the organisation's significant areas of work; considers both financial and non-financial data and provides indicators of future as well as past performance;

⁷ *Choosing the Right FABRIC - A Framework for Performance Information*, HM Treasury *et al*, March 2001.

- Robust, as it can survive changes in personnel and structure of the organisation;
- Integrated, in that the results of the system are monitored and used as part of the business planning and management process; there is consistent performance information at all levels of the organisation and performance measures for individuals and teams are consistent with measures for the organisation; and
- Cost Effective, because the resources put into collecting performance information proportionate to the benefit of the organisation.

I have monitored SIB's performance against the targets set out in its business plan and have reported quarterly on these to the Board and to OFMDFM. I have provided the Board and OFMDFM with reports on the status of supported projects; delivery of business plan objectives; expenditure against plan; resource inputs by project; requests made under the Freedom of Information Act; press reporting of SIB; usage of SIB web sites; Assembly Questions relevant to SIB; absence management; recruitment; communications; legal work and requests for SIB support. Strategic Advisers and Project Managers have provided the Board and OFMDFM with quarterly reports on the progress of their work.

I have satisfied myself as to the quality of data reported to the Board through personal inspection, by reports provided to me from electronic data sources and by assurances provided by senior staff.

I have sought feedback from customers on the performance of SIB staff and have incorporated such feedback into performance appraisals. I have provided customers with the opportunity to comment on the services provided by SIB and have taken such feedback into account in my business planning and my management of day-to-day operations.

Operational Partnership Agreements (OPAs)

OPAs are important control mechanisms that define the relationship between SIB and its individual customers. The precise terms of the OPA vary between customers, but will always cover the following:

- A clear definition of the work SIB will carry out for the customer;
- The financial relationship (e.g.co-funding) between SIB and the customer organisation, if any;

- Arrangements for SIB obtaining feedback and assessment;
- Arrangements for publicity and communications; and
- Arrangements for Record keeping.

During the reporting period, SIB has agreed or maintained OPAs with all its major customers.

Financial Management

Responsibility for ensuring that an effective system of internal financial control is maintained and operated rests with me as Accounting Officer. The systems of internal financial control provide reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

Internal financial control is based on a framework of management information, financial regulations and administrative procedures, which include the segregation of duties, management supervision and a system of delegation and accountability.

SIB has established Financial Policies and Procedures that address areas of risk as well as operational efficiency and effectiveness. These documents act as a reference point detailing all Financial Policies and Procedures that have been approved by the SIB Board.

SIB has developed, in consultation with its sponsor Department, a suite of other policies, processes and procedures that cover the full range of its activities. These are available to staff through the SIB intranet. Staff are required to review the key policies and procedures annually. During the period covered by this report, all staff have certified that they accept and understand these key policies and procedures.

The implementation of SIB financial management process in 2013-14 included:

- The setting of annual Enabling and Operational budgets;
- Monitoring of actual income and expenditure against the annual budget;
- Three in-year monitoring reviews of the budget, reported to OFMDFM;
- Setting and management of expenditure profiles
- Monthly reporting of SIB's financial position to the Board;
- A clearly defined system of expenditure authority delegations;

- Clear processes for the authorisation of expenditure and the payment of invoices; and
- Managing risk in key financial service areas.

Risk Management

SIB's 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.

Relevant internal control considerations, including any issues of risk, are taken into account with regard to the achievement of SIB's aims and objectives, and where necessary, are brought to the attention of OFMDFM.

The system of internal control is based on an on-going process designed to:

- determine and document the organisation's risk appetite;
- identify and prioritise the risks to the achievement of SIB's aims and objectives;
- evaluate the likelihood of those risks being realised and the impact should they be realised; and
- manage such risks efficiently, effectively and economically.

SIB's policy is to pursue a structured approach to the management of risk in pursuit of business objectives. This continuous process of integrated activities ensures the potential impact of risks to the achievement of SIB's objectives is managed. SIB's policy is to adopt good practices in the identification, evaluation and cost effective control of risks to ensure that they are eliminated, reduced to an acceptable level or managed and contained; and to embed risk management practices within management and planning activities.

SIB's risk management policy sets out the process whereby SIB methodically identifies, assesses and responds to the risks attaching to its activities. It assigns responsibility and accountability for risk management; defines the processes for risk review and reporting; describes a format for the organisation's corporate risk register and explains the organisation's approach to training in risk management.

To assist in the Risk Management process, SIB has developed and maintained a Risk Register which is scrutinised through reports to the Audit Committee and Board. The Risk Register:

- identifies SIB's high level risks and associated risk appetite; and
- analyses the risks related to the current Business Plan.

The Risk Register identifies the Risk Owner for each of these risks and reinforces the link between risk management and the business planning and execution processes. Senior Staff are required to review the risks attaching to their work on a quarterly basis as part of the Performance Reports; to report to the Departmental Board on any amendments, and review and revise their programme and project Risk Registers as necessary. All new business activities are assessed for key risks and where necessary additional controls are put in place.

The Risk Assessment has the following sections:

- Risk Summary;
- Risk Movement Chart;
- Risk Register;
- Fraud Risk Assessment;
- Bribery Risk Assessment;
- Impact Assessment for Records Management Systems;
- Control Measures for records Management Risks;
- Risk Appetite assessment;
- Harm (Impact) reference Table; and
- Likelihood Reference Table.

I drafted the 2013-14 Corporate Risk Register and it was subject to revision through regular scrutiny by the Audit Committee and Board. Board members had the opportunity to identify and consider any emerging external risks/threats that could affect the SIB's capacity to deliver its Business Plan commitments.

The key risks to SIB that were managed during the reporting period were:

Risk	Residual Impact	Residual Likelihood
SIB may not have the capacity and capability to achieve its business objectives.	HIGH	MEDIUM

Risk	Residual Impact	Residual Likelihood
Key external stakeholder relationships may break down or deteriorate in ways that adversely impact SIB's ability to achieve its business objectives.	MEDIUM	HIGH
SIB may not obtain the financial resources required to achieve its objectives.	MEDIUM	HIGH
There is a risk that SIB may be unable to raise the private finance required for the programme of revenue-funded investment envisaged by ministers.	MEDIUM	MEDIUM
SIB's financial and other controls may not be sufficient to prevent or identify fraud.	MEDIUM	LOW
Access to information may not be limited to a pre-defined group of authorised staff; information may not be complete, accurate and valid; information may not be accessible and usable when required by staff.	MEDIUM	LOW
SIB may have inadequate or inappropriate procurement processes.	MEDIUM	MEDIUM

Although no new risks arose during the reporting period, the likelihood and impact assessments did vary.

There are no corporate risks to SIB that have both a residual 'HIGH' impact and 'HIGH' likelihood.

As a result of the risk management activities undertaken by the organisation none of the identified risks transpired.

During the reporting period SIB moved offices from Clare House to Carleton House. An issue arose as a result of the line speed of the building's data connection being inadequate to support fully the operation of the Opera accounts system. Action was taken to mitigate the impacts of this issue and the matter was resolved in March 2014 through the installation of additional capacity. No other issues arose as a result of the move.

SIB has identified the following vulnerabilities 'on the horizon' that may occasion additional risk in the coming reporting period:

Vulnerability

Significance

The improving economic outlook may lead to construction cost inflation.

The costs of major projects may be underestimated and become unaffordable.

The improving economic outlook may make it more difficult to recruit and retain staff.

SIB depends on key individuals, the loss of whom would seriously impact on its ability to achieve its business objectives.

The market salaries of staff may increase; thus increasing the costs of the organisation.

The impacts of the limitations of current pay policy may become more acute.

The growth in the size of the organisation may require different management, business support and oversight arrangements

SIB does not currently have the resources to increase the capabilities of its management and business support functions.

The approaching period of local, national and European elections may make it more difficult to achieve the political consensus required to deliver projects successfully.

Without such consensus, key projects may stall; which will increase delay and costs.

Vulnerability

The reorganisation of local government may lead to additional demand for SIB support from councils.

Significance

Responding to such requests may require additional resources.

In the course of the previous reporting period, the Executive provided the committee with a report setting out the sources of risk assurance. In my opinion there have been no material changes that required this report to be re-considered. It is, however, my intention to update this report in the next financial year.

No 'Ministerial Directions' have been issued to SIB.

There have been no significant lapses of protective or information security.

Fraud and Counter-Fraud

SIB's Policy and Procedures on Fraud, (Including the SIB Whistle-blowing Policy and Guidance on Conflicts of Interest) sets out the responsibilities of staff with regard to fraud prevention, what staff should do if they suspect fraud and the action that will be taken by management in such circumstances (the SIB Fraud Response Plan).

No instances of fraud have been identified during the reporting period.

Whistleblowing

The SIB Whistle-blowing Policy provides staff with a procedure for reporting concerns about unlawful conduct, fraud, dangers to the public or the environment, or other malpractice. The aim of this policy is to reassure them that they can feel confident in exposing wrongdoing without any risk to themselves.

Two instances of anonymous whistleblowing arising in 2013-14 are reported below.

Significant Governance Issues

No governance matters arising in prior years are still considered to represent internal governance issues for 2013-14.

There were no significant issues arising during 2013-14 in respect of Corporate Governance.

In June 2013 the PSNI received anonymous 'whistle-blowing' allegations relating to the conduct of two SIB staff working on a major project. These allegations were

investigated by the PSNI's internal auditors, whose work was overseen jointly by the PSNI and SIB Audit Committee chairs. The internal audit report did not find evidence of fraudulent activity; misconduct or conflicts of interest. However, it did identify a number of errors in the project's business case that were subsequently corrected. As a result of the investigation SIB issued a note to all staff highlighting the need to consider whether, in the course of a procurement, the involvement of a particular company with which an employee has had a previous relationship may engender the perception of a conflict of interest that should therefore be declared.

In spring 2013, OFMDFM Equality Directorate and SIB ran a competition to recruit three graduates to the 'Delivering Social Change' Unit. Anonymous 'whistle blowing' allegations directed to OFMDFM contended that an SIB intern had been given improper access to the interview questions to be used for this competition. A disciplinary investigation was completed by SIB HR staff which resulted in a charge of gross misconduct being made against the intern. At the subsequent disciplinary hearing the charge was found to be proven and the employee was issued with a final written warning. He left SIB shortly afterwards. A subsequent 'Lessons Learned' report, presented to the SIB Audit Committee, noted that the control weaknesses identified as a result of the case were only within OFMDFM's competence to address.

A criminal record check carried out in respect of a new employee identified that the individual had been convicted of a criminal offence between the time of the original job application and taking up the post. The offence was a 'strict liability' issue related to the renting of a house in multiple occupation and involved no breach of trust. After consultation with the Chair of the Audit Committee I was content that this matter did not require further action.

Conformance with Code of Conduct

SIB, like other public bodies, has a duty to conduct affairs in a responsible and transparent way, and to take into account the standards in public life set out by the Nolan Committee and "*Corporate Governance Code of Good Practice NI*".

SIB is not a Central Government Department and cannot, therefore, comply with those parts of the code that are only applicable to such Departments. However, SIB's corporate governance arrangements have been established in such a way as to conform broadly to these standards. Except where noted below, and throughout the year ended 31 March 2014, SIB has complied with all relevant Code provisions.

Following the principle of 'Comply or Report', the following paragraph describes where SIB has substituted alternative governance measures for provisions in the Code of Good Practice:

- SIB does not have a Board Operating Framework (Para 2.8 of the Code). Instead, it has Board Terms of Reference and a Board Code of Conduct, which fulfil the same purpose.

Certification

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal governance. My review of the effectiveness of the system of internal governance is informed by the work of the Internal Auditors and senior staff within the organisation, who have responsibility for the development and maintenance of the internal control framework. I also consider the comments made by the NIAO in its 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 governance, by the SIB Board and by the Audit Committee.

SIB has a rigorous system of accountability on which I rely, as Accounting Officer, to form an opinion on the probity and use of public funds, as detailed in Managing Public Money NI.

Having considered the operation of its governance framework, I am content that SIB has operated a sound system of internal governance during the period 2013 -14.



.....

Brett Hannam

Chief Executive & Accounting Officer

Strategic Investment Board Ltd

Strategic Investment Board Limited 2013-14

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE MEMBERS OF THE STRATEGIC INVESTMENT BOARD LIMITED

I certify that I have audited the financial statements of the Strategic Investment Board Limited for the year ended 31 March 2014 under the Companies (Public Sector Audit) Order (Northern Ireland) 2013. These comprise the Statement of Comprehensive Net Expenditure, Statement of Financial Position, Statement of Cash Flows and the related notes. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Companies (Public Sector Audit) Order (Northern Ireland) 2013. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

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

Opinion on regularity

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

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2014 and of its surplus, cash flows and changes in equity for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the Companies Act 2006.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Government Financial Reporting Manual; and
- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with Department of Finance and Personnel's guidance.

Report

I have no observations to make on these financial statements.

K J Donnelly
KJ Donnelly
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU

12 June 2014

Statement of Comprehensive Net Expenditure for the Year Ended 31 March 2014

		Year ended 31-Mar 2014	Year ended 31-Mar 2013
		£	£
	Note		
OPERATING INCOME - Grant in aid	2	6,426,390	6,423,660
- Income from activities	2	1,882,122	1,784,648
NON OPERATING INCOME- Grant in Aid (FTC activities)	2	25,000,000	
		<u>33,308,512</u>	<u>8,208,308</u>
OPERATING EXPENDITURE			
Staff costs (including employee benefits)	4	6,467,479	5,025,421
Enabling expenditure	6	1,079,321	2,519,327
Other operating charges	5	758,510	662,790
Depreciation	9	3,202	770
NON OPERATING EXPENDITURE			
FTC Loan Impairment	10	5,460,000	0
TOTAL EXPENDITURE		<u>13,768,512</u>	<u>8,208,308</u>
NET SURPLUS (Non Operating) FOR THE YEAR	3	19,540,000	0
AMOUNT TRANSFERRED TO RESERVES		<u>19,540,000</u>	<u>0</u>

There are no recognised gains or losses for the current period other than as stated above. Accordingly, no statement of changes in equity is given.

Notes 1 to 23 on pages 63 to 81 form part of these financial statements.

Statement of Financial Position as at 31 March 2014

	Note	As at 31-Mar 2014 £	As at 31-Mar 2013 £
Non-current assets			
Property, plant and equipment	9	8,998	8,473
Financial Assets (Investments)	10	19,540,000	
Current assets			
Trade and other receivables	11	326,351	643,232
Cash and cash equivalents	12	709,028	548,028
Total current assets		<u>1,035,379</u>	<u>1,191,260</u>
Total Assets		<u>20,584,377</u>	<u>1,199,733</u>
Current liabilities			
Trade and other payables	13	<u>(1,044,377)</u>	<u>(1,199,733)</u>
Non current assets less net current liabilities		19,540,000	0
Non-current liabilities		0	0
Assets less liabilities		<u>19,540,000</u>	<u>0</u>
Reserves			
General reserve (Income and Expenditure account)	19	<u>19,540,000</u>	<u>0</u>
Total		<u>19,540,000</u>	<u>0</u>

In the view of the Board an exemption from the audit requirements of Part 16 of the Companies Act 2006 is available under section 482 of that Act, since the company meets the Department of Finance and Personnel's definition of a non-profit-making company and is subject to a public sector audit under the Companies (Public Sector Audit) (Northern Ireland) Order 2013, being an order issued under Article 5(3) of the Audit and Accountability (Northern Ireland) Order 2003. The Board therefore claims this exemption.

The accounts are subject to audit by the Comptroller and Auditor General for Northern Ireland by virtue of an order under Article 5(3) of the Audit and Accountability (Northern Ireland) Order 2003 (S.I. 2003/418N.I.5)).

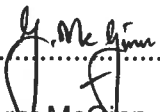
Statement of Financial Position Continued

The members have not required SIB (Company Registration No. NI 45710) to obtain an audit of its accounts for the year ended 31st March 2014, in accordance with section 476 of the Companies' Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and preparation of accounts.

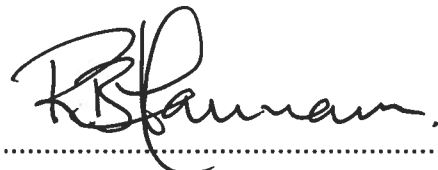
The Financial Statements on pages 59-81 were approved on 10th June 2014 by the SIB Board of Directors.

Signed on behalf of the board of directors by:

 10/6/14
.....

Gerry McGinn

Chairman

 10/6/14
.....

Brett Hannam

Chief Executive

Notes 1 to 23, on pages 63 to 81, form part of these financial statements.

Statement of Cash Flow for the Year Ended 31 March 2014

	Year ended 31-Mar 2014 £	Year ended 31-Mar 2013 £
	Note	
Cash flows from operating activities	18	
Deficit for the year	0	(0)
Depreciation	3,202	770
Loss on disposal	0	0
(Decrease)/Increase in trade and other payables	(155,356)	19,361
Decrease/ (Increase) in trade and other receivables	316,881	(343,720)
Net cash flow from operating activities	<u>164,727</u>	<u>(323,589)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,727)	(9,243)
Financial Asset Investment (FTC)	(25,000,000)	
Impairment Reserve	5,460,000	
Non- Operating Surplus	19,540,000	
Net cash flow from investing activities	<u>(3,727)</u>	<u>(9,243)</u>
Cash flows from financing activities	0	0
Increase (decrease) in cash and cash equivalents	<u>161,000</u>	<u>(332,832)</u>
Cash and cash equivalents at the beginning of the period	<u>548,028</u>	<u>880,860</u>
Cash and cash equivalents at end of the period	<u>709,028</u>	<u>548,028</u>

Notes to the Financial Statements for the Year Ended 31 March 2014

1. Accounting Policies

General

These financial statements have been prepared in accordance with the accounting and disclosure requirements of the Companies Act 2006, without limiting the information given. The accounts comply with the accounting and disclosure requirements contained in the Northern Ireland International Financial Reporting Standards based Financial Reporting Manual (FReM) and accounting disclosure requirements issued by the Department of Finance and Personnel with the exception of the treatment of Grant in Aid.

FReM requires Non-Departmental Public Bodies to regard Grant in Aid received as contributions from controlling parties giving rise to a financial interest in the residual interest of the body, and hence accounted for as financing, i.e. by crediting them to the income and expenditure reserve.

The disclosure requirements in relation to this are set out in Note 22 to these accounts. The particular accounting policies adopted are described below.

Convention

These financial statements have been prepared in accordance with the historical cost convention.

Going Concern

The Financial Statements have been prepared on the assumption that SIB is a going concern basis and will continue in operation for the foreseeable future.

Income

Income represents grants receivable to enable Strategic Investment Board Limited (SIB) to discharge its duties, powers and function under the Strategic Investment and Regeneration of Sites (Northern Ireland) 2003 Order.

Other operating income

Other operating income relates to the recovery of project related costs from other Government entities.

Capital grants

There were no capital grants in the 2013/14 financial year.

Fixed assets and depreciation

- a) The cost of fixed assets comprises purchase price and any installation charges. The current capitalisation threshold is £1,000.
- b) Depreciation is calculated to write off the cost of assets, less estimated residual value over their useful lives. The method adopted and rate used is -33.33% straight line.

Employee Benefits and Pensions

Under the requirements of IAS 19: 'Employee Benefits,' staff costs must be recorded as an expense as soon as the organisation is obliged to pay them. This includes the cost of any untaken leave at the year end. This cost has been calculated using the untaken leave per staff member and applying this to their annual salary to calculate the leave balance as at 31st March 2014.

Seconded staff members remain members of their respective pension schemes. The company makes pension contributions at a rate of 10% to approved schemes as chosen by the employees. The cost of contributions for providing pensions for employees is charged to the statement of comprehensive net expenditure account as they are earned, in accordance with IAS 19 '*Employee Benefits*'.

Value Added Tax

SIB is VAT registered in relation to its vatable activity. VAT is accounted for in accordance with Statement of Standard Accounting Practice (SSAP) 5, in that amounts are shown net of VAT except where irrecoverable VAT is charged to the income and expenditure and included under the heading relevant to the type of expenditure. The FReM retains the SSAP 5 guidance in relation to VAT.

Taxation

Current tax, including UK Corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted by the financial statement date, this is in accordance with IAS 12 '*Income taxes*'.

Operating Segments

In line with advice from OFMDFM, SIB has identified only one operating segment under IFRS 8 and has prepared the accounts accordingly.

Loans and receivables

Loans and receivables are initially recognised at fair value plus directly related transaction costs. They are subsequently measured at amortised cost using the effective interest method less any impairment losses.

At each year-end, the future discounted cash flows are re-estimated, resulting in a change in carrying amount of the asset. The required adjustment is recognised in Net Expenditure.

Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on a financial asset classified as loans and receivables has been incurred, SIB measures the amount of the loss as the difference between the carrying amount of the asset and the present value of estimated future cash flows from the asset discounted at the effective interest rate of the instrument at initial recognition.

Impairment losses are recognised in Net Expenditure and the carrying amount of the financial asset or group of financial assets is reduced by establishing an allowance for impairment losses. If, in a subsequent period, the amount of the impairment loss reduces and the reduction can be ascribed to an event after the impairment was recognised, the previously recognised loss is reversed by adjusting the allowance. Once an impairment loss has been recognised on a financial asset or group of financial assets, interest income is recognised on the carrying amount using the rate of interest at which estimated future cash flows were discounted in measuring impairment.

Changes in Accounting Policy and Disclosure

The following additional or revised accounting standards and new (or amendments to) interpretations are contained within the Government Financial Reporting Manual (FReM) 2013-14.

- IAS1- Presentation of Financial Statements (Other Comprehensive Income)
- IAS 12- Income Taxes
- IAS 16- Property, Plant & Equipment

- IAS 19- Post Employment Benefits (pensions)
- IAS 3- Financial Instruments (presentation)
- IAS 34- Interim Financial reporting

SIB considers that these changes have no impact on its operations.

Accounting standards, interpretations and amendments to published standards not yet effective

SIB has reviewed the following additional or revised accounting standards and new (or amendments to) interpretations contained within the Government Financial Reporting Manual (FRm) 2014-15.

- IFRS 10- Definition of control
- IFRS 11- Joint arrangements
- IFRS 12- Disclosure of interests and risks
- IAS 27- Investment entities
- IAS 28- Associate and Joint ventures
- IFRS 13- Fair value measurement

These changes will be mandatory for accounting periods beginning on or after 1 April 2014 or later periods, but which SIB has not adopted early. SIB considers that these changes are not relevant to or will have minimal impact on its operations.

In addition, certain new standards, interpretations and amendments to existing standards have been drafted but not yet issued and will come into effect in accounting periods beginning on or after 1 April 2015. It is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

2. Income

	Note	Year ended 31-Mar 2014 £	Year ended 31-Mar 2013 £
This comprises:			
Grant in Aid receivable (OFMDFM)		6,408,638	6,414,195
Grant in Aid receivable (DSD)		17,752	9,465
Total revenue grants receivable		<u>6,426,390</u>	<u>6,423,660</u>
Grant in Aid re FTC Financing	10	25,000,000	0
Total Grant in Aid received		<u>31,426,390</u>	<u>6,423,660</u>

SIB recovers a proportion of the costs incurred in respect of work performed on behalf of other Government Departments. The actual cost recovery was calculated as follows:

	Year ended 31-Mar 2014 £	Year ended 31-Mar 2013 £
Income	1,882,122	1,784,648
Expenditure	(1,882,122)	(1,784,648)
	<u>0</u>	<u>0</u>

FTC loan funds of £25,000,000 were received from OFMDFM on 25th March 2014, and immediately transferred to University of Ulster as part of a loan agreement under the direction of DFP and DEL.

3. Net Deficit from Operations

	Year ended 31-Mar 2014 £	Year ended 31-Mar 2013 £
The net deficit from operations is stated after charging:		
Property rent & costs	193,709	173,856
Depreciation	3,202	770
Loss on disposal of fixed assets	0	0
Auditors' remuneration - audit services	<u>13,620</u>	<u>11,064</u>

4. Employees and Staff costs

The average number of employees (full time equivalents), excluding Non Executive Directors, in the company is made up as follows:

	Year ended 31-Mar 2014	Year ended 31-Mar 2013
Staff	43	41
Staff recharged to other departments	26	17
Seconded staff*	4	5
Total	73	63
Permanent	29	27
Temp contracts	44	36

Staff per salary scales are detailed in the table below.

Note showing number of staff in Salary bandings		Year ended 31-Mar 2014	Year ended 31-Mar 2013
		No of Staff	No of Staff
Administrators	£15k- 30k	14	14
Assistant Advisors/ Administration Managers	£30k- 60k	15	17
Strategic Advisors	£60k-125k	41	30
Senior Management	£125k-150k	3	2
		73	63

Employees (Cost)

	Year ended 31-Mar	Year ended 31-Mar
The costs incurred in respect of these employees were:	2014	2013
	£	£
Wages and salaries (increased by employee benefits)	3,061,119	2,391,477
Wages and salaries recharged to other departments	1,882,122	1,413,622
Social security costs	583,468	461,807
Health Insurance	244,965	201,225
Other pension costs	501,586	381,127
Total staff cost	<u>6,273,260</u>	<u>4,849,258</u>
Seconded staff *	194,219	176,163
Total employment cost	<u>6,467,479</u>	<u>5,025,421</u>

* Staff seconded to SIB from the Civil Service or private sector organisations.

Fees paid to third party organisations for services of seconded staff include management charges, employment costs, social security costs, pension costs and VAT.

No provision is required for equal pay claims in SIB accounts.

5. Other Operating Charges

		Year ended 31-Mar 2014 £	Year ended 31-Mar 2013 £
Office Accommodation	(i)	193,709	173,856
Telephones and postage		44,378	33,562
Computer consumables		5,852	5,016
Stationery		7,240	13,347
Recruitment costs	(ii)	140,985	95,117
Travel, accommodation and subsistence		101,962	122,890
IT Costs		38,957	36,945
Training & Conferences		48,833	37,621
Hospitality		6,619	6,681
Misc Operational Costs		25,479	16,096
Communication	(iii)	29,451	8,393
Fees	(iv)	41,773	37,665
Director Costs		72,522	71,301
Equality Support		750	4,300
		<u>758,510</u>	<u>662,790</u>

(i) Office Accommodation includes rent, rates and facilities management charge relating to Clare House until Sept 2013, and Carleton House thereafter. SIB is charged rent and rates by DFP and this totalled £73,448 (2013: £72,500) and £38,278 respectively for the year ended 31st March 2014.

(ii) Of the £140,985 expenditure incurred in recruitment costs, £55,175 (2013: £95,117) was recharged to other Departments in relation to staff secondees hired for project specific roles.

(iii) Review of SIB communications strategy was conducted in March 2014.

(iv) Fees include payments to Central Procurement Department (CPD) for running procurement competitions, internal/external audit fees, and sundry legal advice.

6. Sources and Application of Funds

SOURCE OF FUNDS	Note	Year ended	Year ended
		2014 £	2013 £
OFMDFM Grant in Aid	2	6,408,638	6,414,195
DSD Grant in Aid	2	17,752	9,465
MLK		346,316	350,206
BCC		206,358	95,207
NIPS		162,472	148,712
DE		161,795	218,992
DRD		160,076	108,849
PSNI		126,844	172,154
ESA		123,221	15,384
NIHE		87,528	
DETI		67,333	100,059
FSNI		63,888	16,702
WPPFG		63,244	63,322
DoE		61,933	202,569
Invest NI		60,000	
DCAL		50,093	57,864
Forest service		46,804	
NIEA		25,192	34,787
DSD		17,743	
OFMDFM		9,203	177,674
Canada Life		8,691	
DFP		7,472	
AFBI		7,445	-10,000
NWRWMG		6,563	
Coleraine BC		5,774	
ILEX		5,394	
Other		740	1,120
Armagh Council			
DARD			20,457
LCC			10,590
		<u>8,308,512</u>	<u>8,208,308</u>

	Year ended 2014 £	Year ended 2013 £
APPLICATION OF FUNDS		
Staff Costs (see note 5)	6,467,479	5,025,421
Other operating charges (see note 6)	758,510	662,790
Other		0
<i>Enabling Expenditure by project</i>		
Primary Care Program	344,325	95,138
Asset Management Unit	285,225	188,867
HEaT	119,262	
ISNI 2	97,873	157,964
Colin Town Centre	37,079	149,457
Lisanelly	34,403	289,552
Belfast Transport Hub	32,500	149,690
Desercreat Training College	29,288	250,000
Enniskillen Community Campus	22,017	
Titanic Quarter Signature Proj	18,771	346,735
Poultry Litter SBRI	18,716	10,288
PSNI Decision support system	9,770	41,400
DSD Housing Programme	8,104	
DSD/ UU housing study	8,000	
Sally Gardens Regeneration	4,389	7,927
AMU BRG Work	3,085	121,114
Strategic Procurement review	2,400	
OFMDFM DSC	2,362	
Toolkit Development	1,775	19,792
Hollywood Arches Urban Design	-23	5,000
Waste Management		244,214
Driver Vehicle Licencing Agency		150,000
Belfast Media Hub		88,380
Derry City of Culture		78,717
Maze Long Kesh		77,380
Regeneration (Social)		35,024
GP Out of Hours NHS 111 OBC		12,690
Sports Stadium		2
East Belfast P Regen Officer		1
St Comgalls		-4
Total Enabling Expenditure	<u>1,079,321</u>	<u>2,519,328</u>
Total Expenditure (excl Depreciation)	<u>8,305,310</u>	<u>8,207,539</u>
Depreciation	3,202	770
Operating Net deficit (surplus) for the year	0	0

Enabling Expenditure

This expenditure on enabling costs is principally undertaken in respect of SIB supported projects, and includes VAT and in some cases subcontractor costs.

The table below lists all suppliers in excess of £100,000 unless separately disclosed for comparative purposes:

Supplier	No of Projects 2014	Year Ended 2014 £	No of Projects 2013	Year Ended 2013 £
KPMG	2	348,714	5	121,103
BTW Sheills	3	114,189		
Translink (Support to Dept Projects)	1	32,500	1	149,690
DOE	1	19,170	1	239,864
Deloitte	1	18,535	2	393,413
DFP	1	10,381	6	100,553
Rothchilds	1	3,085	1	121,130
PSNI (Support to Dept Projects)			1	250,000
Driver Vehicle Agency (Support to Dept project)			1	150,000
Total Suppliers Over 100k		546,574		1,525,753
Suppliers Under £100k		524,747		760,702
Direct Dept Funding Contributions		8,000		64,141
Project Staffing related costs		-		168,731
Total Enabling Spend		1,079,321		2,519,327

The expenditure in relation to Government bodies listed above comprises recharges from those bodies in relation to projects supported by SIB.

Of the project spend detailed in notes 7 and 8 above, a total of £511,885 was declared as consultancy costs. This was categorised by the consultancy definitions set out in DFP guidance (See Table 1 below).

Table 1: Use of Consultancy

Use of Consultancy	Year Ended 2014	Year Ended 2013
Financial	18,536	386,293
Legal		750
Marketing		65,872
Strategic	344,325	280,914
Technical	149,024	266,094
Total	511,885	999,923

7. Related Party Transactions

OFMDFM is regarded as a related party. During the year SIB received grant in aid for normal activities of some £6,425,643 and £25,000,000 for the FTC loan arrangement. SIB also received £9,203 from OFMDFM in relation to staff recharged. OFMDFM are also a shareholder in Ilex Urban Regeneration Corp and Maze Long Kesh Development Corp to whom SIB provided staff during the year.

8. Taxation

HM Revenue & Customs has determined that SIB is a taxable entity but not all of the income will be taxable. In the year ended 31 March 2014, no provision for tax has been made as there has been no assessable income arising (period ended 31 March 2013: £nil).

9. Property, Plant and Equipment

	Year ended 2014 £	Year ended 2013 £
Cost:		
At 1 April 2013*	9,243	0
Additions in year**	3,727	9,243
Disposals	0	0
At 31 March 2014	<u>12,970</u>	<u>9,243</u>
Accumulated Depreciation:		
At 1 April 2013	770	0
Charge in year	3,202	770
Disposals	0	0
At 31 March 2014	<u>3,972</u>	<u>770</u>
Net book value:		
At 31 March 2014	<u>8,998</u>	<u>8,473</u>

* The finance system was upgraded in Dec 12 at a capital cost of £9243

** Office improvements including reception area and IT equip purchased at total cost of £3727. Required due to moving buildings

10. Financial Assets

	Year ended 2014 £	Year ended 2013 £
	Financial Transaction Capital Loans <i>University of Ulster*</i>	Financial Transaction Capital Loans
Gross Amount:		
Balance as at 1 April 2013	0	0
Additions	25,000,000	
Interest Charged	0	0
Loan Repayment - Principal	0	0
Loan Repayment- Interest	0	0
As at 31 March 2014	25,000,000	0
Provision:		
Opening Impairment provision at 1 April 2013	0	0
Charged in year	(5,460,000)	0
At 31st March 2014	(5,460,000)	0
Closing Balance as at 31st March 2014	19,540,000	0

*SIB facilitated the transfer of funds between DFP (via OFMDFM) and University of Ulster for a Financial Transactions Capital loan agreement, at the request of Ministers. It is a 25 year interest free loan agreement. Funding for the £25m loan was received from OFMDFM and has been recorded at amortised cost at an effective interest rate of 2.2%.

11. Trade and Other Receivables

	Year ended 31-Mar-14	Year ended 31-Mar-13
	£	£
Trade Receivables	195,219	333,963
Amounts owed by OFMDFM re Grant in Aid		0
Prepayments and Accrued Income	131,132	309,269
	<u>326,351</u>	<u>643,232</u>

Analysed between amounts due from:

	Year ended 31-Mar-14	Year ended 31-Mar-13
	£	£
Central government bodies	190,077	345,169
Local Government	57,649	47,842
NHS Bodies	0	0
Bodies external to government	78,625	250,221
	<u>326,351</u>	<u>643,232</u>

12. Cash and Cash Equivalents

	Year ended 31-Mar-14	Year ended 31-Mar-13
	£	£
Balance as at 1 April:	548,028	880,860
Net Changes in cash and cash equivalent balances	161,000	(332,832)
Balance as at 31 March	<u>709,028</u>	<u>548,028</u>

The above balances comprise balances at commercial banks and cash in hand.

13. Trade and Other Payables

	Year ended 31-Mar-14	Year ended 31-Mar-13
	£	£
Included in liabilities falling due within one year are:		
Trade Payables	368,888	428,244
Accruals	401,716	530,832
Employee benefits (Note 14)	157,706	145,259
Deferred Income (Grant in Aid)	19,171	2,166
Value Added Tax	96,896	93,232
	<u>1,044,377</u>	<u>1,199,733</u>

Analysed between amounts owed to:

	Year ended 31-Mar-14	Year ended 31-Mar-13
	£	£
Central government bodies	351,865	129,827
Local authorities	0	0
Public Corporations	46,120	257,867
NHS bodies	0	0
Bodies external to government	488,686	666,780
Employee benefits	157,706	145,259
	<u>1,044,377</u>	<u>1,199,733</u>

14. Employee Benefits

SIB has recognised the cost of providing employee benefits in the period in which the benefit was earned by the employee, rather than when it is paid or payable. Short term benefits are recorded as an expense in the period in which the employee renders the service. For SIB, this expense relates solely to the cost of any untaken annual leave at the year end. This policy has been adopted in accordance with IAS 19 'Employee benefits' (2014: £157,706 ,2013: £145,259).

As a result of recognising employee benefits, there was a cumulative adjustment on closing reserves of £145,259 as at 31st March 2013. A further adjustment of £12,447 was made in the Statement of Comprehensive income for the year ended 31st March 2014 resulting in a closing liability for employee benefits of £157,706.

15. Contingencies and Commitments

There were no contingencies or capital commitments at the year-end. SIB is committed to supporting various projects which are on-going at year end. SIB is dependent on funding from its sponsoring Department, OFMDFM, to meet its commitments.

16. Guarantee

The members of the company undertake to contribute to the assets of the company in the event of the same being wound up while such party is a member, or within one year after such party ceases to be a member, for payment of the debts and liabilities of the company contracted before such party ceases to be a member, and of the costs, charges and expenses of winding up, and for the adjustment of the rights of its contributories among themselves, such amount as may be required not exceeding one pound.

17. Deferred Income

	Year ended 31-Mar-14 £	Year ended 31-Mar-13 £
At 1 April	(2,166)	0
Capital grant received in year	0	0
Deferred Income	(19,171)	(2,166)
Released to Statement of Comprehensive Net Expenditure	2,166	0
At 31 March	(19,171)	(2,166)

18. Notes to the Cash Flow Statement

(i) Reconciliation of deficit for the year to net cash inflow from operating activities:

(i) Reconciliation of deficit for the year to net cash inflow from:

	Year ended 31-Mar 2014 £	Year ended 31-Mar 2013 £
Operating Activities		
Deficit for the year	0	0
Depreciation	3,202	770
Loss on disposal	0	0
(Decrease)/Increase in trade and other payables	(155,356)	19,361
Decrease/ (Increase) in trade and other receivables	316,881	(343,720)
Net cash inflow/ (outflow) from operating activities	164,727	(323,589)
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,727)	(9,243)
Financial Investment (FTC)	(25,000,000)	
Impairment Reserve	5,460,000	
Surplus from Investing activities	19,540,000	
Net cash inflow/ (outflow) from Investing activities	(3,727)	(9,243)
Cash flows from financing activities	0	0
Increase (decrease) in cash and cash equivalents	161,000	(332,832)

(ii) Reconciliation of net cash flow to movement in net funds:

	Year ended 31-Mar 2014 £	Year ended 31-Mar 2013 £
Increase (decrease) in cash and cash equivalents	161,000	(332,832)
Cash and cash equivalents at the beginning of the period (1 st April 2013)	548,028	880,860
	709,028	548,028

19. Reserves

The movement on the income and expenditure reserve in the year comprised:

	Year ended 31-Mar 2014	Year ended 31-Mar 2013
	£	£
Balance at 1 April 13	0	0
Restated Surplus for the year	19,540,000	0
Balance at 31 March 14	19,540,000	0

20. Financial Instruments

IFRS 7 'Financial Instruments: Disclosures' requires disclosure that enables evaluation of the significance of financial instruments for SIB's financial position and performance, the nature and extent of risks arising from financial instruments which SIB is exposed to during the period and at the reporting date, and how SIB manages those risks. As a result of the non-trading nature of its activities and the way in which SIB is financed, SIB is not exposed to the degree of financial risk faced by business entities. The carrying value of trade and other receivables, bank, trade and other payables (including accruals) as disclosed in the notes to the accounts, approximates to fair value because of their short maturities. No other disclosures are relevant to SIB's activities.

21. Additional Disclosures to Comply With FReM

FReM requires non-Departmental public bodies to regard Grant in Aid received as contributions from controlling parties giving rise to a financial interest in the residual interest of the body, and hence accounted for as financing, i.e. by crediting them to the income and expenditure reserve.

If SIB were to comply with FReM, the following would be the effect of this compliance:

Statement of Comprehensive Net Expenditure Prepared Under FReM

		Year ended 31-Mar 2014 £	Year ended 31-Mar 2013 £
	Note		
INCOME			
Other operating income	2	1,882,122	1,784,648
		<u>1,882,122</u>	<u>1,784,648</u>
EXPENDITURE			
Staff costs	4	6,467,479	5,025,421
Enabling expenditure	6	1,079,321	2,519,327
Other operating charges	5	758,510	662,790
Depreciation	9	3,202	770
FTC Loan Impairment	10	5,460,000	
		<u>13,768,512</u>	<u>8,208,308</u>
TOTAL EXPENDITURE			
NET DEFICIT FOR THE YEAR	3	(11,886,390)	(6,423,660)
AMOUNT TRANSFERRED TO RESERVES		<u>(11,886,390)</u>	<u>(6,423,660)</u>

		Year ended 31-Mar 2014 £	Year ended 31-Mar 2013 £
Statement of Cashflows prepared under FReM			
Cashflows from operating activities			
Net Deficit after interest and tax		(11,886,390)	(6,423,660)
Non Cash Transactions (Depreciation)		3,202	770
Increase / (decrease) in trade and other payables		(155,356)	19,361
Increase / (decrease) in trade and other receivables		316,881	(343,720)
Net Cash used in operating activities		<u>(11,721,663)</u>	<u>(6,747,249)</u>
Cash flows from financing activities			
Grant in Aid from Parent Department		6,408,638	6,414,195
Grant in Aid re FTC		25,000,000	
Other Grants received		17,752	9,465
Net Cash used in financing activities		<u>31,426,390</u>	<u>6,423,660</u>
Cash flows from investing activities			
Purchase of Property, Plant & Equipment		(3,727)	(9,243)
Financial Asset (FTC)		(25,000,000)	
Impairment Reserve		5,460,000	
Net Cash used in Investing activities		<u>(19,543,727)</u>	<u>(9,243)</u>
Net increase / (decrease) in cash and cash equivalents		<u>161,000</u>	<u>(332,832)</u>
Cash and cash equivalents at beginning of the period		548,028	880,860
Cash and cash equivalents at end of the period		<u>709,028</u>	<u>548,028</u>

	Year ended 31-Mar 2014 £	Year ended 31-Mar 2013 £
Analysis of Income and Expenditure Reserves:		
Balance at 1 April	2,166	151,216
Grant in Aid received in year	31,443,395	6,274,610
Net operating cost for the year	<u>(11,886,390)</u>	<u>(6,423,660)</u>
Balance at 31 March	<u>19,559,171</u>	<u>2,166</u>
	Year ended 31-Mar 2014 £	Year ended 31-Mar 2013 £
Summary of Balances:		
Income & Expenditure reserve	19,559,171	2,166
	<u>19,559,171</u>	<u>2,166</u>

There was a closing debtor in relation to Grant in Aid of £19,171. In addition, £2,166 was received and included in the year ended 31 March 2013 but this related to Grant in Aid monies for the 13/14 financial year. There were no losses or special payments in 2013/14.

22. Post Balance Sheet Events

None

23. Date Authorised for Issue

The Accounting Officer authorised these financial statements for issue on 12th June 2014.



