Independent Reporting Commission

ANNUAL REPORT AND ACCOUNTS

2017-18

HC 1401 23 OCTOBER 2018

INDEPENDENT REPORTING COMMISSION

ANNUAL REPORT AND ACCOUNTS 2017-18

(For the period ended 31 March 2018)

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Overview

Foreword by the Accounting Officer

In accordance with Article 10 of the International Treaty ("the Treaty") (https://www.ircommission.org/publications/irc-treaty) establishing the Independent Reporting Commission ("the Commission") the Government of the United Kingdom and the Government of Ireland have jointly requested the appointment of auditors to audit the accounts of the Commission in respect of the monies provided by the UK Government.

As Accounting Officer I am therefore pleased to present this first Annual Report and Accounts which focuses on the way in which the Commission carried out its functions during 2017-18, assesses the Commission's performance against its business objectives, and reports on the expenditure of the Commission's UK Secretariat. The Annual Report and Accounts is presented at the same time as the Commission's first report on progress towards ending paramilitary activity.

From January to August 2017 the Commission operated in shadow form pending completion of the relevant legislative process in the UK and Ireland. During this period it engaged in a series of preparatory meetings and set about designing and agreeing its Terms of Reference, Strategic Direction and Business Plan, and corporate governance regime. This laid the foundations of the corporate architecture upon which the Commission will carry out its functions. The Commission was legally constituted on 8 August 2017 and began an intensive series of meetings with key stakeholders in accordance with its consultative function. The accounts on pages 41 to 51 cover the period from 8 August to 31 March 2018.

An assessment of the Commission's corporate performance during the year is set out on pages 7 to 13 of this report. In summary, the Commission performed effectively against its business objectives during its first year of work and at the time of the publication of this report, has met its statutory and business objectives in full.

Jenny Bell
UK Joint Secretary & Accounting Officer

Purpose of Commission

The Fresh Start Agreement was finalised on 17 November 2015 between the Northern Ireland Executive, the UK Government and the Irish Government. It set out a number of commitments to bring about an end to paramilitarism, including the establishment of a body which was subsequently named as the Independent Reporting Commission to report on progress towards reaching that goal.

The Commission was founded by an International Treaty between the UK and Irish Governments and by corresponding legislation in each jurisdiction[1]. The Treaty was signed in September 2016 and came into force on 8 August 2017 following completion of the relevant legislative processes in the UK and Ireland. The Commission was fully established from that date, having operated in shadow form during the period January 2017 to 7 August 2017.

The Commission's overarching objective is to carry out its statutory functions with a view to promoting progress towards ending paramilitary activity connected with Northern Ireland, and supporting long term peace and stability in society and stable and inclusive devolved Government in Northern Ireland. The Commission's statutory functions are to report:

(a) on progress towards ending continuing paramilitary activity connected with Northern Ireland; and
(b) on the implementation of the relevant measures of the Government of Ireland, the Government of the United Kingdom, and the Northern Ireland Executive, including the Executive's Strategy.

The Commission is made up of four Commissioners who were appointed in December 2016. The UK and Irish Governments appointed one Commissioner each, and the Northern Ireland Executive appointed two. The Commissioners are:

[1] The Commission's founding legislation is set out, in the UK, in the Northern Ireland (Stormont Agreement and Implementation Plan) Act 2016, the Northern Ireland (Stormont Agreement and Implementation Plan) Act 2016 (Independent Reporting Commission) Regulations 2016 and the Northern Ireland (Stormont Agreement and Implementation Plan) Act (Immunities and Privileges) Regulations 2016 and, in Ireland, in The Independent Reporting Commission Act 2017.

John McBurney

John McBurney is a well-known solicitor in Northern Ireland. He qualified in 1979 and carries a wealth of experience in major litigation, commercial transactions, conveyancing and estate management. He established his Co. Down practice, John McBurney Solicitors, with the intention of seeing it develop through the enthusiasm of his dedicated team of young lawyers. In December 2015 Mr McBurney was one of three persons tasked by the First and Deputy First Ministers to report on recommendations for a strategy to disband paramilitary groups and was subsequently nominated to the Commission by the Northern Ireland Executive to report on progress towards that goal.

Monica McWilliams

Monica McWilliams is an academic and former politician. She is a graduate of Queen's University Belfast and the University of Michigan and was Professor of Women's Studies and Social Policy at the Ulster University. She co-founded the Northern Ireland Women's Coalition and was elected to the Legislative Assembly in Northern Ireland from 1998 - 2003. She is a former Chief Commissioner of the Northern Ireland Human Rights Commission from 2005 – 2011 and was one of three persons appointed in 2011 to a Prisons Reform Oversight Group advising the Northern Ireland Department of Justice. In December 2015 Ms McWilliams was one of three persons tasked by the First and Deputy First Ministers to report on recommendations for a strategy to disband paramilitary groups and was subsequently nominated to the Commission by the Northern Ireland Executive to report on progress towards that goal.

Tim O'Connor

Tim O'Connor is a native of Kileedy in West Limerick. After a two-year stint as a teacher he joined the Civil Service in Dublin in 1974, moving to the Department of Foreign Affairs (DFA) in 1979. Most of his DFA career was spent working on the Northern Ireland Peace Process and he was part of the Irish Government Negotiating Team for the Good Friday Agreement. He has also served terms as Director of the Africa Unit and of the Human Rights Unit in the DFA. His foreign postings included the Embassies of Ireland in Bonn and Washington DC and from 2005-2007 he served as the Consul General of Ireland in New York, USA. He served as Secretary

General to President Mary McAleese at Aras an Uachtarain from 2007 to 2010. Since retiring from the Civil Service in 2010 he has been dividing his time between his own advisory business and voluntary work, both in the public sector and with NGOs. Mr O'Connor was nominated to the Commission by the Government of Ireland.

Mitchell Reiss

Mitchell B Reiss is a former United States Special Envoy for Northern Ireland who is currently President and CEO of the Colonial Williamsburg Foundation in Virginia. He previously served on the US National Security Council, the US Council on Foreign Relations and has held positions with the Ford Foundation, the Cambridge Institute for Applied Research, Lawrence Livermore National Laboratory and Los Alamos National Laboratory. Mr Reiss was nominated to the Commission by the Government of the United Kingdom.

The Commission is supported by UK and Irish Secretariats. The Secretariats operate from two separate sites in the greater Belfast area but jointly assist the Commissioners in the delivery of the Commission's statutory functions.

The costs of the UK Secretariat and remuneration for three of the Commissioners are funded by the UK Government. The costs of the Irish Secretariat and remuneration for one Commissioner are funded by the Irish Government. These accounts relate to expenditure incurred by the UK Secretariat and payments to three Commissioners. The UK Secretariat had three staff in post over the year; all are seconded from the civil service. The Commission also made use of services provided by external professionals including media services, researchers, and auditors.

Financial Statements

These accounts have been prepared in accordance with a direction issued by the Northern Ireland Office under Article 10 of the Treaty. They include a Statement of Comprehensive Net Expenditure, a Statement of Financial Position, a Statement of Cash Flows, a Statement of Changes in Taxpayers' Equity and Notes.

Commission's activities

In carrying out its functions, the Commission is required, in accordance with Article 5 of the Treaty, to consult with a range of stakeholders including the UK and Irish Governments, the Northern Ireland Executive, law enforcement in both jurisdictions and other statutory agencies, local councils, community and civic society organisations in Northern Ireland.

The following table sets out the number of Commission meetings and the number of stakeholders the Commissioners met with during the period 23 January to 7 August 2017 when in shadow form, and from 8 August 2017 to 31 March 2018 when fully established.

	23/01/17 – 07/08/17 (Shadow Form)	08/08/17 – 31/03/18
Number of Meetings	32	41
Number of Stakeholders	35	53

Number of Commission meetings and stakeholder engagements 23/1/17 – 31/3/18

The Commission is required to report annually on progress towards ending paramilitary activity and on implementation of relevant measures of the UK and Irish Governments and of the Northern Ireland Executive, or on such additional occasions as the UK and Irish Governments may request. No requests for additional reports were received during the reporting period.

Analysis of Performance

The Commission's Strategic Direction and Business Plan sets out the major work to be undertaken by the Commission to discharge its statutory functions and those common to all public sector organisations in relation to good governance and the effective use of resources up to 2021, which is the anticipated lifespan of the Commission [https://www.ircommission.org/publications/strategic-direction-and-business-plan]. The objectives are therefore rolling in nature. At the time of the publication of the Annual Report and Accounts and the substantive report on progress towards ending paramilitary activity, all objectives have been met in full.

The following is an analysis of performance against the Commission’s Business Plan for 2017/18:

Business Plan Objective 1:
To report on progress towards ending continuing paramilitary activity, in particular from those paramilitary groups declared to be on ceasefire.

Target:
To provide a considered assessment of progress adopting a twin pillar approach to:

- the impact of criminal justice interventions, and
- broader societal impact.

End of year assessment:
The Commission, since January 2017, met with 88 different stakeholders, including representatives of statutory and non-statutory bodies, community and civic society organisations and political representatives. Some of those are charged with taking forward criminal justice responses to paramilitarism, some are addressing the societal impacts, and others are service users of the measures which are being implemented. Information gleaned from the meetings together with other data will assist the Commissioners in formulating their assessment of progress being made to end paramilitarism. The Commission’s first report and future reports on progress towards ending paramilitary activity will continue to draw upon these and other sources of information as appropriate.

Business Plan Objective 2:
To report on the implementation of the relevant measures of the Government of Ireland, the Government of the United Kingdom, and the Northern Ireland Executive, including the Executive’s Strategy.

Target:

To provide:

- valuable visibility on progress,
- ongoing impetus to implementation of the Executive's Action Plan, and
- valuable visibility on the relevant measures of the Government of Ireland and the Government of the UK.

End of Year assessment:

The Commission engaged regularly throughout the year with representatives of Northern Ireland Departments and other statutory agencies tasked with implementing the Executive Action Plan. Routine reporting mechanisms are in place. The Commission met with community and civic society organisations and with stakeholders who have taken part in, or been impacted by, actions which have been implemented. The Commission also met with representatives of the UK and Irish Governments.

Business Plan Objective 3:

In carrying out its functions, consult the UK Government and relevant law enforcement agencies.

Target:

To inform the work of the Commission and understand the issues under its consideration.

End of Year assessment:

During the year the Commission met and corresponded with senior representatives of the Northern Ireland Office and law enforcement agencies in Northern Ireland and has received written and oral briefings.

Business Plan Objective 4:

In carrying out its functions, consult the Government of Ireland and relevant law enforcement agencies.

Target:

To inform the work of the Commission and understand the issues under its consideration.

End of Year assessment:

During the year the Commission met and corresponded with senior representatives of the Department of Justice and Equality, Department of Foreign Affairs and Trade, and law enforcement agencies in Ireland.

Business Plan Objective 5:

In carrying out its functions, consult the Northern Ireland Executive, the PSNI, statutory agencies, local councils, communities and civic society.

Target:

To inform the work of the Commission and understand the issues under its consideration.

End of Year assessment:

In accordance with its Stakeholder Engagement Plan, during the year the Commission met and corresponded with senior representatives of NI Departments, PSNI, statutory agencies, local councils, communities and civic society organisations.

Business Plan Objective 6:

Make recommendations to the Northern Ireland Executive in order to inform future Programme for Government priorities and commitments through to 2021.

Target:

To make recommendations where appropriate that influence the Programme for Government.

End of Year assessment:

The Commission's report on progress toward ending paramilitary activity is published at the same time as the Annual Report and Accounts. The report on progress towards ending paramilitary activity includes recommendations at Section D.

Business Plan Objective 7:
Supporting long term peace and stability in society and stable and inclusive devolved Government in Northern Ireland.

Target:
To report on practical, comprehensive and effective measures which contribute to a society free of paramilitary activity and highlight areas of good practice in this regard.

End of Year assessment:

The Commission's first report on progress towards ending paramilitary activity, which is published at the same time as the Annual Report and Accounts, comments on the practical, comprehensive and effective measures which contribute to a society free of paramilitary activity.

Business Plan Objective 8:
To maintain high standards of corporate governance and ensure value for money is achieved.

Target:
To promote the highest standards of corporate governance and to ensure value for money; website established in line with Commission requirements; ensure all information and information assets are managed and stored by the Commission in line with relevant policy.

End of Year assessment:

The Commission has developed a suite of Corporate Governance documents and a review schedule; procurement undertaken by the Commission follows public procurement policy; the website reflects the Commission's requirements; information and information assets are managed and stored in line with current statutory requirements, policies and relevant guidance.

The Government Internal Audit Agency carried out an audit in the reporting period which covered the effectiveness of sponsorship and corporate governance arrangements in place for the newly established Commission. The audit found that there were no areas of weakness requiring high or medium priority action to be taken. The overall audit opinion assessed the sponsorship and corporate governance arrangements in place for the Commission as Moderate[2].

Business Plan Objective 9:
Maintain an effective Secretariat to enable the Commission to deliver on its statutory duties and objectives.

Target:
Ensure that the necessary staff and resources are secured to meet the full requirements of the Commission within budget allocation; the provision of an efficient and effective service to the Commission; ensure the protection of the good reputation of the IRC.

End of Year assessment:
The UK Government committed funding of up to £3million over four years to establish and fund the Commission; financial management and accounting arrangements are in place to ensure the Commission operates within budget allocation; staff for the UK Secretariat were recruited and were in place before the Commission was formally established; the services of a media adviser to ensure the good reputation of the Commission and to manage all media relations work have been procured. All Secretariat staff and Commissioners are required to comply with the Commission's governance regime and no significant internal issues were identified in year.

Key Issues and Risks

The principal risks identified relate to issues that would prevent the Commission from discharging its statutory duties in respect of reporting on progress to end paramilitary activity and on the implementation of relevant measures by the Governments of Ireland and the UK and the NI Executive, including the Executive Action Plan.

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[2] Government Internal Audit Agency defines **Moderate** as: "Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control".

The greatest risk to the successful delivery of the Commission's statutory functions relates to the ability of the Commission to consult with NI Ministers given the current political impasse. The Commission has taken mitigation action to manage this risk to an acceptable level through the introduction of control measures, including establishing a regular cycle of briefings from the Department of Justice's Tackling Paramilitaries Programme Team, senior NICS departmental officials and meetings with the Head of the NI Civil Service, local councils and political parties.

The Commission maintains a corporate risk register in line with Government guidance. Risks are identified, assessed in terms of likelihood and impact, and then ranked in terms of priority. The corporate risk register is reviewed by the joint Secretaries on a regular basis and by the Commissioners on a quarterly basis. It is also reviewed regularly by the NIO Audit and Risk Committee.

Jenny Bell
UK Joint Secretary & Accounting Officer

3 October 2018

Accountability Report

CORPORATE GOVERNANCE REPORT

Director's Report

Introduction

The UK element of the Commission is sponsored by the Northern Ireland Office and for accounting purposes the Commission is treated as a Non-Departmental Public Body. Fully established on 8 August 2017 the Commission's statutory responsibilities are set out in the Treaty between the UK and Ireland and in corresponding legislation in both jurisdictions. In the UK the relevant statutes are the Northern Ireland (Stormont Agreement and Implementation Plan) Act 2016, the Northern Ireland (Stormont Agreement and Implementation Plan) Act 2016 (Independent Reporting Commission) Regulations 2016 and the Northern Ireland (Stormont Agreement and Implementation Plan) Act 2016 (Immunities and Privileges) Regulations 2016.

Commission membership

The following served as Commissioners during the reporting period:

- John McBurney
- Monica McWilliams
- Tim O'Connor
- Mitchell Reiss

From 23 January to 7 August 2017 they worked in shadow form until the Commission was formally established on 8 August 2017.

Audit and Risk Committee

It was agreed that from January 2018 the Northern Ireland Office's Audit and Risk Committee would provide a challenge and assurance function for the Commission. The Northern Ireland Office's Audit and Risk Committee comprises:

- Dawn Johnson, Chair
- Ian Summers
- Rosanna Wong

Risk Management

The Commission is committed to ensuring high standards of corporate governance. We have identified our risk appetite as well as defining strategy and determining resource allocation to ensure the delivery of the Commission's objectives. The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk. The Northern Ireland Office's Audit and Risk Committee oversee this work under an independent Chair.

Personal Data Related Incidents

We are committed to safeguarding all retained personal data. Risks in this area are recorded in the Commission's risk register. There were no personal data related incidents formally reported to the Information Commissioner during the reporting period.

Register of Interests

The Commissioners and staff are required to provide information of personal or business interests that might be perceived by a reasonable member of the public to influence their judgment in the exercise of their statutory functions. The Commission maintains a register of interests which is available for public inspection if requested. No interests were declared by Commissioners or staff during the reporting year which may be perceived to conflict with exercising their statutory responsibilities.

Auditors

The financial statements are audited by the Comptroller and Auditor General. The audit fee for this period is £9,000.

During 2017-18, internal audit services were provided by the Government Internal Audit Agency.

Disclosure of Audit Information

As Accounting Officer, I confirm that I have taken all steps to ensure that I am aware of any relevant audit information and to ensure the Commission's auditors are aware of that information. As far as I am aware, there is no relevant information of which the Commission's auditors are unaware. The auditor has not received any remuneration for non-audit work.

Statement of Accounting Officer's Responsibilities

In accordance with Article 10 of the Treaty, and with the agreement of the Government of Ireland, the Secretary of State for Northern Ireland, with the consent of HM Treasury ("the Treasury"), has directed the UK Joint Secretary to prepare, for each financial year, a statement of accounts in respect of the monies provided by the UK Government in the form and on the basis set out in the Accounts Direction which they have provided.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Commission and of its net resource outturn, application of resources, 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 Treasury, 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 accounts; and

- prepare the accounts on a going concern basis.

The Northern Ireland Office, with the consent of HM Treasury, has appointed the UK Joint Secretary of the Commission as the Accounting Officer. 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 Commission's assets, are set out in Managing Public Money published by the Treasury.

Statement on the disclosure of relevant audit information

I hereby confirm that so far as I am aware there is no relevant audit information of which the Commission's auditors are unaware and that I have taken all reasonable steps to ensure that I am aware of any relevant audit information and to establish that the Commission's auditors are aware of that information.

I hereby confirm that the accounts as a whole are fair, balanced and understandable, and that I take personal responsibility for the annual report and accounts and the judgements required for determining that they are fair, balanced and understandable.

Governance Statement

Introduction and Context

The Commission is an independent body corporate established by Treaty between the UK and Irish Governments and by corresponding legislation in each jurisdiction. The Treaty was signed in September 2016 and came into force on 8 August 2017 following completion of the relevant legislative processes in the UK and Ireland.

For administrative purposes the Commission is treated as a Non-Departmental Public Body. On the UK side, the Commission is sponsored by the Northern Ireland Office.

The UK Secretariat consists of three seconded staff, including myself, the UK Joint Secretary. The UK and Irish Secretariats meet weekly and the Commission meets on a monthly basis. As the UK Secretary, I am also appointed as Accounting Officer in respect of funds provided by the UK Government.

I meet with the Sponsor Team within the Northern Ireland Office on a quarterly basis to discuss corporate governance issues, and with the Finance Team on a monthly basis to review finance issues.

Scope of Responsibility

As Accounting Officer I have personal responsibility for the robustness of the control and governance arrangements operated by the Commission. In this the first year of the Commission I had responsibility for establishing and maintaining a sound system of internal governance that supports the achievement of the Commission's policies, aims and objectives whilst safeguarding the public funds and Departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me as Accounting Officer. As such, I am responsible for ensuring propriety and regularity in the handling of those public funds.

My assessment of the Commission's internal control is informed by the work of the Government Internal Audit Agency, the National Audit Office, the Commissioners, the sponsor Department and the Northern Ireland Office Audit and Risk Committee.

In my role as UK Secretary to the Commission I am jointly responsible for the effective operation of the UK Secretariat. I have personal responsibility for managing, on the UK side, the Commission's financial and other resources made available by the UK Government. I am jointly responsible with my Irish Secretariat counterpart for the provision of advice and support to the Commissioners in delivering their aims and objectives and in undertaking their statutory responsibilities.

Governance Framework

As Accounting Officer I have agreed a Framework Document with the Northern Ireland Office which sets down its values and principles, and lines of accountability. The Framework Document will be reviewed in the autumn in light of Government Internal Audit Agency recommendations, discussed further below.

The Commission conducts its affairs in accordance with a comprehensive Code of Governance. The Code is based on best practice in both the UK and Ireland and covers matters such as financial management, the conduct of meetings, gifts and hospitality. It is supported by internal governance policies that draw on best practice and guidance on matters such as Anti-Fraud and Whistleblowing; Gifts and Hospitality; Financial Management; Risk Management and Information Assurance. Although not part of central government, the Commission is expected to follow the Corporate Governance Code *(Corporate governance in central government departments, code of good practice, published by HM Treasury and the Cabinet Office in July 2011, and updated in April 2017)* as far as applicable. This is reflected in the Commission's Code of Governance.

I complete Stewardship Statements bi-annually, based on my own knowledge of the Commission's corporate governance regime. These statements are sent to the sponsor Department and to the Northern Ireland Office Audit and Risk Committee. The purpose of the statements is to provide assurance to the sponsor department that specific responsibilities have been exercised with due care and attention.

Commission's Performance

Whilst operating in shadow form between January and 7 August 2017 the Commission agreed its Strategic Direction and Business Plan. The Plan set out nine objectives, each with targets and performance indicators, to enable the Commission to discharge its statutory functions and ensure compliance with corporate governance requirements. Performance against objectives is reviewed on a quarterly basis by the Commissioners.

As noted on pages 7 to 13 the end of year assessment is that overall performance was effective and that all objectives were met in full at the time of the publication of the Annual Report and Accounts and the Commission's report on progress towards ending paramilitary activity .

Managing Risk

A corporate Risk Register, setting out the risks that may impact on the ability of the Commission to carry out its statutory functions, has been developed. Risks have been identified and assessed and controls to mitigate the likelihood or impact of them happening have been put in place. The Register is reviewed quarterly and updated by management, in agreement with the Commissioners, as required.

Audit and Risk Committee

Due to the size of the Commission, it was agreed that it would not be proportionate for the Commission to be supported by an independent Audit and Risk Committee. It has therefore been agreed that the Northern Ireland Office Audit and Risk Committee will provide this advisory function to the Accounting Officer.

The Audit and Risk Committee has received updates on the management of the governance arrangements of the Commission during the reporting period.
As part of the stewardship statement process I have reported that I have established effective internal controls and that no significant weaknesses had been identified.

On the basis of the issues discussed and evidence presented at its meetings during the reporting period the Audit and Risk Committee concluded that the assurances it received throughout the year were satisfactory, and no significant internal control issues were identified.

Internal Audit

During 2017-18 internal audit services were provided by the Government Internal Audit Agency.

Internal auditors undertook one planned audit during the year. The purpose of the audit was to provide assurance to the Principal Accounting Officer and myself as the Commission's Accounting Officer on the framework of governance, risk management and control that had been established by the Commission and the Northern Ireland Office.

The audit covered the effectiveness of sponsorship and corporate governance arrangements in place for the newly established Commission. The arrangements were reviewed to ensure they are effective as well as proportionate.

The audit found that there were no areas of weakness requiring high or medium priority action to be taken. The overall audit opinion assessed the sponsorship and corporate governance arrangements in place for the newly established Commission as 'Moderate'.

Risk Management

The Commission's corporate governance controls are 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. Risks are managed on an ongoing basis in a process that is designed to identify and prioritise the risks, evaluate the likelihood of those risks being realised and the impact they would have, and manage them efficiently, effectively and economically. The system of internal control in place for this the first year of the Commission was assessed by Government Internal Audit Agency as being effective.

Throughout the year the Commission had a risk register in place that has been assessed and considered by the Joint Secretaries and by the Commissioners on a quarterly basis.

The Commission operates a "traffic light" corporate risk register in line with the Northern Ireland Office's risk management policy. The register is kept under constant review by the Secretariat, with a formal quarterly review by Commissioners, and an update by the Joint Secretaries as necessary.

Significant Internal Control Issues

There were no significant internal control issues identified during the first year of the Commission's existence. There is no relevant audit information of which the external auditors are unaware.

JENNY BELL
UK Joint Secretary and Accounting Officer

3 October 2018

REMUNERATION AND STAFF REPORT

Commissioners' numbers and Costs

Three of the Commissioners, Commissioners McBurney, McWilliams and Reiss, are remunerated from funds provided by the UK Government. Commissioner O'Connor is remunerated by the Irish Government.

Remuneration policy

The UK joint Secretary's post is graded within the Senior Civil Service (SCS). Pay and performance management arrangements for this post are in line with guidance issued by the Cabinet Office*: Guidance for Approval of Senior Pay* (applicable from April 2013). Increases in the UK joint Secretary's base pay are in line with the parameters of the Senior Salaries Review Board.

The remuneration of the other UK Commission staff aligns with those of the Northern Ireland Civil Service, in common with its sister organisations. These pay arrangements continue to be performance-related. Performance is appraised by line managers in respect of achievement of agreed objectives.

Contracts of employment

The Commissioners are appointed for a period of four years.

Staff appointments to the UK Secretariat are made in accordance with the Northern Ireland Office's recruitment and selection policy, which requires appointments to be made strictly on merit and through fair and open competition.

Remuneration (including salary) and pension entitlements (audited information)

The following section provides details of the remuneration and pension interests of the Commissioners and the Accounting Officer.

	Salary (£'000)	Bonus payments (£'000)	Benefits in kind (to nearest £100)	Pension benefits (to nearest £'000)	Total (£'000)
	17-18	17-18	17-18	17-18	17-18
UK Joint Secretary, Jenny Bell	45-50 (70-75 FTE)	-	-	32	75-80
Commissioner, John McBurney	10-15 (15-20 FTE)	-	-	-	10-15
Commissioner, Monica McWilliams	10-15 (15-20 FTE)	-	-	-	10-15
Commissioner, Mitchell Reiss	10-15 (15-20 FTE)	-	-	-	10-15

[1] The value of pension benefits accrued during the period is calculated as (the real increase in pension multiplied by 20) less (the contributions made by the individual). The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

Pay Multiples

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

Total remuneration includes salary, non-consolidated performance-related pay and benefits in kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

The banded remuneration of the highest-paid member of staff of the UK Secretariat in the financial year 2017-18 was £70,000 – £75,000. This was 1.9 times the median remuneration of the workforce which was £ 37,647. The calculations exclude the pay to the Commissioners as their employment terms and conditions, including pay rates, are determined by the United Kingdom and Irish Governments, and the Independent

Reporting Commission is unable to influence those rates. Details of their pay are provided above.

There was no severance pay in 2017-18.

Salary

'Salary' includes gross salary; performance pay or bonuses; overtime; and any other allowance subject to UK taxation. This report is based on accrued payments made by the Commission and thus recorded in these accounts.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument (salary).

There were no benefits in kind paid during the 2017-18 financial period.

Pension benefits (audited information)

Commissioners

No pension contributions were made for Commissioners in the period ended 31 March 2018.

Accounting Officer

	Accrued pension at pension age as at 31/03/18 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/18	CETV at 31/3/17	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
UK Joint Secretary Jenny Bell	15-20 plus a lump sum of 45-50	0-2.5 plus a lump sum of 0-2.5	319	282	19	-

The pension information for the senior management team follows guidance in the Employer Pension Notice EPN536 issued by the Civil Service Pensions.

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed employees and those already in service joined alpha. Prior to that date, employees participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 moved to alpha from 1 April 2015. All members who moved to alpha had the PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. The pension figures quoted show pension earned in PCSPS or alpha as appropriate. Where the employee has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 3 per cent and 8.05 per cent of pensionable earnings for members of classic (and members of alpha who were members of classic immediately before joining alpha) and between 4.6 per cent and 8.05 per cent for members of premium, classic plus, nuvos and all other members of alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of

1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3 per cent of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32 per cent. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8 per cent and 14.75 per cent from 1 October 2015 (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3 per cent of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5 per cent of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. (The pension figures quoted show pension earned in PCSPS or alpha, as appropriate. Where there are benefits in both the PCSPS and alpha the figure quoted is the combined value of the benefits in the two schemes, but note that part of that pension may be payable from different ages.)

Further details about the Civil Service pension arrangements can be found at the website: *http://www.civilservicepensionscheme.org.uk/.*

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

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

Staff Report

Staff and Commissioner numbers and related costs (audited information)

	2017-18[1] total	Commissioners	Permanently Employed and inward seconded staff	Others
	£	£	£	£
Wages and salaries	129,747	34,012	95,735	-
Social security costs	12,814	1,791	11,023	-
Other pension costs	21,499	-	21,499	-
Total Staff Costs	**164,060**	**35,803**	**128,257**	**-**

1 These figures represent staff costs for the period from 8th. August 2017 until 31 March 2018.

The Commission's staff are covered by the Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) – known as 'Alpha'. PCSPS and CSOPS are unfunded multi–employer defined benefit schemes but the Commission is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2012. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservicepensionscheme.org.uk/about-us/resource-accounts/).

For 2017-18, employers' contributions of £21,499 were payable to PCSPS at one of four rates in the range 20 per cent to 24.5 per cent of pensionable pay, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2017-18 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. There were no employers' contributions made to one or more of the panel of three appointed stakeholder pension providers Employer contributions are age–related and ranged from 8 per cent to 14.75 per cent (depending on the age of the member). Employers also match employee contributions up to 3 per cent of pensionable pay. There were no additional employer contributions at 0.5 per cent of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill-health retirement).

Average number of persons employed (audited information)

The average number of whole-time equivalent persons employed during the period was as follows:

	2017-18 Total	Commissioners	Permanently Employed and inward seconded staff	Others
Directly employed	6	3	3	-
Other	-	-	-	-
Total	**6**	**3**	**3**	**-**

The Commissioners are expected to devote approximately 36 days to Commission business per annum.

Reporting of Civil Service and other compensation schemes – exit packages (audited information)

There were no exit packages in 2017-18.

Jenny Bell
Accounting Officer

3 October 2018

PARLIAMENTARY ACCOUNTABILITY AND AUDIT REPORT

Parliamentary Accountability Disclosures

(This section is subject to audit)

1. Income payable to the Consolidated Fund

There was no income payable to the Consolidated Fund.

2. Regularity of expenditure

All expenditure was applied to the purpose intended by Parliament.

3. Losses and special payments

There are no losses and special payments to report.

4. Contingent Liabilities

There are no remote contingent liabilities requiring disclosure.

5. Fees and Charges

No fees or charges were paid.

Jenny Bell
Accounting Officer

3 October 2018

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSE OF COMMONS

Opinion on financial statements

I certify that I have audited the financial statements of the Independent Reporting Commission for the period ended 31 March 2018 in accordance with Article 10 of the September 2016 Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of Ireland establishing the Independent Reporting Commission (“the Treaty”). The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers’ Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the Independent Reporting Commission’s affairs as at 31 March 2018 and of net operating expenditure for the period then ended; and
- the financial statements have been properly prepared in accordance with Article 10 of the Treaty, and Secretary of State directions issued thereunder.

Opinion on regularity

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

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 ‘Audit of Financial Statements of Public Sector Entities in the United Kingdom. My responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial

Reporting Council's Revised Ethical Standard 2016. I am independent of the Independent Reporting Commission in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion

Responsibilities of the Independent Reporting Commission and Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Independent Reporting Commission and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with Article 10 of the Treaty.

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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Independent Reporting Commission’s internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Independent Reporting Commission’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor’s report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

Other Information

The Independent Reporting Commission and the Accounting Officer are responsible for the other information. The other information comprises information included in the annual report, other than the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Secretary of State directions made under Article 10 of the Treaty;
- in the light of the knowledge and understanding of the Independent Reporting Commission and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; and
- the information given in the Performance Report and Accountability Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or

- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse **11 October 2018**

Comptroller and Auditor General

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

Financial Statements

Statement of Comprehensive Net Expenditure for the Period Ended 31 March 2018

	Note	2017-18 £
Staff costs	3	164,060
Other costs	4	41,439
Total operating expenditure		**205,499**
Net Operating expenditure for the period ended 31 March 2018		**205,499**

The Independent Reporting Commission has no gains or losses other than Net Operating Expenditure during the reporting period.

The notes on pages 45 to 51 form part of these accounts.

Statement of Financial Position
As at 31 March 2018

	Note	31 March 2018
		£
Current assets		
Trade and other receivables	6	6,988
Cash and cash equivalents		-
Total current assets		**6,988**
Current Liabilities		
Trade and other payables	7	(24,223)
Total current liabilities		**(24,223)**
Total assets less liabilities		**(17,235)**
Taxpayers' equity		
General fund		(17,235)
Total equity		**(17,235)**

Signed:

Accounting Officer: Jenny Bell

3 October 2018

The notes on pages 45 to 51 form part of these accounts.

Statement of Cash flows
For the Period Ended 31 March 2018

	Notes	2017-18 £
Cash flows from operating activities		
Net Expenditure after interest		(205,499)
Decrease/(increase) in trade and other Receivables	6	(6,988)
Increase/(decrease) in trade payables	7	24,223
Depreciation, Amortisation and Impairment		-
Use of provisions		-
Net cash outflow from operating activities		**(188,264)**
Cash inflow from financing activities		188,264
Net cash outflow from financing activities		**0**
Net increase/(decrease) in cash and cash equivalents in the period		**0**
Cash and cash equivalents at the beginning of the period		**0**
Cash and cash equivalents at the end of the period		**0**

The notes on pages 45 to 51 form part of these accounts.

Statement of Changes in Taxpayers' Equity
For the Period Ended 31 March 2018

	General Reserve	Total Reserves
	£	£
Changes in taxpayers' equity for 2017-18		
Comprehensive Expenditure for the period	(205,499)	(205,499)
Grant-in-aid from NIO	188,264	188,264
Balance at 31 March 2018	**(17,235)**	**(17,235)**

The notes on pages 45 to 51 form part of these accounts.

NOTES TO THE ACCOUNTS

1. Statement of accounting policies

The financial statements have been prepared in accordance with the 2017-18 *Government Financial Reporting Manual* (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Independent Reporting Commission for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Commission are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

The accounts have been prepared pursuant to Article 10 of the Treaty between the Government of the United Kingdom and the Government of Ireland.

1.1 Accounting convention

These accounts have been prepared for the period commencing 8th. August 2017 and ending 31 March 2018 under the historical cost convention modified to account for the revaluation of property, plant and equipment and intangible assets. This is the period from the creation of the Commission to the end of the financial year.

1.2 Employee Benefits

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS), the PCSPS (NI), the Civil Service and Others Pension Scheme (CSOPS) and CSOPS (NI). These defined benefit schemes are unfunded. The Independent Reporting Commission recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the schemes of the amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the pension schemes.

Further details regarding the above schemes are contained in the Remuneration Report.

1.3 Contingent liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* the Department discloses for Parliamentary reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to Parliament in accordance with the requirements of *Managing Public Money*.

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to Parliament separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to Parliament.

1.4 Value Added Tax

Most of the activities of the Department are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of non-current assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.5 Staff Costs

Under IAS19 *Employee Benefits*, all staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the costs of any untaken leave as at the year end. The cost of untaken leave has been determined using data from staff leave records.

1.6 Financial Instruments

Recognition and de-recognition of financial assets and financial liabilities

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. A financial instrument is recognised when, and only when, the Independent Reporting Commission becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Independent Reporting Commission no longer has rights to cash flows, the risks and rewards of ownership or control of the asset. Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expires.

Financial assets

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term (held for trading) or if so designated by management. Financial assets held in this category are initially recognised and subsequently measured at fair value, with changes in value recognised in the Statement of Comprehensive Net Expenditure in the line which most appropriately reflects the nature of the item or transaction.

Loans and receivables

Loans and receivables are non-derivative assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognised at fair value plus transaction costs and subsequently carried at amortised cost using the effective interest method, with changes in carrying value recognised in the Statement of Comprehensive Net Expenditure in a manner which most appropriately reflects the nature of the item or transaction.

Prepayments

Prepayments include any expenditure exceeding £200 that has been made in advance of receipt of goods or services and as such are treated as a financial asset.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and current balances with banks which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value and have an original maturity of three months or less.

Impairment of financial assets

The Independent Reporting Commission assesses at each reporting date whether a financial asset or group of financial assets are impaired. Where there is objective evidence that an impairment loss has arisen on assets carried at amortised cost, the carrying amount is reduced with the loss being recognised in the Statement of Comprehensive Net Expenditure. The impairment loss is measured as the difference between that asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is only reversed if it can be related objectively to an event after the impairment was recognised and is reversed to the extent that carrying value of the asset does not exceed its amortised cost at the date of reversal.

Impairment losses are assessed individually for financial assets that are individually significant and individually or collectively for assets that are not individually significant. In making collective assessment of impairment, financial assets are grouped into portfolios on the basis of similar risk characteristics. Future cash flows from these portfolios are estimated on the basis of the contractual cash flows and historical loss experience for assets with similar risk characteristics.

Impairment losses are recognised in the Statement of Comprehensive Net Expenditure and the carrying amount of the financial asset or group of financial assets 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. If a financial asset is deemed unrecoverable, the amount of the asset is reduced directly and the impairment loss recognised in the Statement of Comprehensive Net Expenditure to the extent a provision was not previously recognised.

Financial Liabilities

Trade and other payables

Financial liabilities within trade and other payables are recognised at fair value, which is usually the original invoiced amount.

1.7 Critical accounting estimates and key judgements

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Independent Reporting Commission's accounting policies. We continually evaluate our estimates, assumptions and judgements based on available information and experience. As the use of estimates is inherent in financial reporting, actual results could differ from these estimates.

1.8 Accounting standards, interpretations and amendments to published standards adopted in the year ended 31 March 2018

The Independent Reporting Commission has reviewed all standards that were effective at the start of the year, and those which became effective during the year, and considered whether these affect the presentation, disclosure and measurement of balances within the financial statements. These changes had no impact on the financial statements.

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

The following new standards, interpretations and amendments, which have been adopted by the EU but are not yet effective, may have an impact on the future Independent Reporting Commission:

IFRS 9 - Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement and has an effective date of 1st January 2018. The FReM applies the EU adopted IFRS which is consistent with the Government Resource Accounts Act 2000. The new standard is to be applied in central government from 2018-19. IFRS 9 provides a more principles-based approach to the accounting for financial instruments, including their classification and measurement. The Independent Reporting Commission does not expect this standard to have a significant impact on future accounts.

IFRS 15 - Revenue from Contracts with Customers replaces IAS 18 Revenue Recognition and is to be applied in central government from 2018-19. The core principle of this standard is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. The Independent Reporting Commission does not consider that the recognition requirements of IFRS15 will significantly impact on revenue recognition in future financial statements as the Independent Reporting Commission does not generate revenue.

IFRS 16 - Leases replaces IAS 17 Leases and related interpretations and has an effective date of 1st January 2019. The new standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The new standard is expected to be applied in central government from 1st April 2019.

The Independent Reporting Commission does not expect IFRS 16 to have a material impact on future accounts as the Independent Reporting Commission does not hold any leases.

2. Analysis of net expenditure by segment

In line with the provisions of IFRS 8, Operating Segments, the Independent Reporting Commission does not analyse its net expenditure by operating segments as it has concluded that it has no separately identifiable operating segments. This conclusion is based on the current reporting structure.

3. Staff costs

	2017-18 Total	Commissioners	Permanently Employed and inward seconded staff	Others
	£	£	£	£
Wages and salaries	129,747	34,012	95,735	-
Social security costs	12,814	1,791	11,023	-
Other pension costs	21,499	-	21,499	-
Total Staff Costs	**164,060**	**35,803**	**128,257**	**-**

4. Other expenditure

	2017-18
	£
Accommodation and Services	11,341
Apprenticeship Levy	45
Audit & Accountancy - Internal	2,500
Audit - External	9,000
Consultancy	6,410
Exchange Rates	1,792
Professional Subscriptions	291
Staff Training	2,359
Publications	1,416
Stationery	1,558
Telephone	55
Travel, Subsistence and Hospitality	4,672
	41,439

5. Financial instruments

As the cash requirements of the Independent Reporting Commission are met through grant-in-aid provided by the Northern Ireland Office, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with the Independent Reporting Commission's expected purchase and usage requirements and the Independent Reporting Commission is therefore exposed to little credit, liquidity or market risk.

6. Trade receivables, financial and other assets

	2017-18
	£
Amounts falling due within one year:	
Prepayments and accrued income	6,988
	6,988

7. Trade payables and other current liabilities

	2017-18
	£
Amounts falling due within one year:	
Other payables	24,223
	24,223

9. Related-party transactions

The Independent Reporting Commission was established by International Treaty between the UK and Irish Governments. For accounting purposes, the Commission is treated as a non-executive public body by the Northern Ireland Office and the UK joint Secretary is required to report on the funding provided to the Commission by Parliament. The Northern Ireland Office is therefore regarded as a related party.

During the year, the Commission has also had transactions with the Government of Ireland; however, as these transactions relate to funding provided by the Government of Ireland separate reporting arrangements have been made. The Government of Ireland is therefore also regarded as a related party.

10. Events after the reporting period

There were no events after the Reporting date which required disclosure or adjustment of the Accounts.

The Annual Report and Accounts are authorised for issue on the same date as the Comptroller and Auditor General signed the audit certificate.

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