

CHILD
SUPPORT
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Annual Report and Accounts

Northern Ireland Child Support Agency

2006/2007



The Child Support Agency is an Executive Agency
within the Department for Social Development

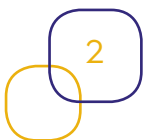
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Northern Ireland Child Support Agency
Annual Report And Accounts

2006 –2007

**Laid before the Northern Ireland Assembly under section 11 (3) (c) of the Government
Resources and Accounts Act (Northern Ireland) 2001 by the Department for Social
Development, 6th July 2007**



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Chief Executive's Report

The Agency's Annual Report and Accounts for 2006/2007 summarises what has been another extremely challenging year. At the beginning of the business year a number of challenges faced us:

- Growing backlogs of work with new scheme cases;
- The ongoing demands of old scheme cases;
- The increasing number of customer complaints;
- The continued short comings of the new computer system (CS2);
- The challenges of the Operational Improvement Project;
- Accommodation pressures; and
- Staff shortages and increased staff turnover.

I very much regret the difficulties that our customers experienced as a result. What is encouraging to note, is the significant progress that we have made in handling and working through the challenges as the year progressed. We have started to see reductions in backlogs of work, and across all the business, work on hand reducing. During the year we recorded the best ever accuracy and decision making standards in the Northern Ireland business. The Public Service Agreement target to increase the number of children getting maintenance by 65% (on March 2003 level) was exceeded with a 106% achievement. Once again the amount of money collected or arranged was at it's highest level both in the NI business and for our customers in GB.

Work commenced on the Operational Improvement Project and thus far there are early signs of improvement, this work will continue on until March 2009. During the year we were successful in acquiring additional accommodation to address the accommodation pressures in the organisation. A number of IT system improvements took place throughout the year and a lot of effort and focus has gone into the design and development of a major enhancement that will be delivered during the 2007/2008 year.

During July 2006 Sir David Henshaw produced a report on the redesign of child support, his recommendations, which have been accepted by the Government will lead to major policy changes in GB and the creation of a new organisation, a non departmental public body called C-MEC to deliver child support services. These new changes will bring a fresh set of challenges for the next few years. However, I am confident that the dedication and commitment of our staff as demonstrated by them will carry the organisation through the challenging period ahead and that the clear focus throughout will be getting money to more children.



MARY QUINN
Chief Executive

CHILD SUPPORT AGENCY (NI)

Annual Report 2006 - 2007

Directors Report

Highlights Of The Year

- In Northern Ireland:
 - PSA target exceeded with a performance of 106%
 - Accuracy increased from 97% to 98%
 - 96% of Customer complaints resolved within 20 working days
- The total maintenance collected or paid direct for Northern Ireland clients was over £18 m and for Great Britain clients was over £151m.
- Our Belfast National Help line answered 90 % of calls received.
- Full roll out of the use of Credit and Debit cards as a method of payment in Northern Ireland took place during January 2007.
- The Agency commenced an advertising campaign aimed at non-compliant Non Resident Parents, to highlight the Agency's enforcement powers.
- Increased level of Enforcement.
- The Agency began its culture change programme of work.

Strategic Overview

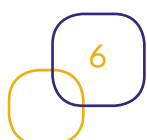
History and Principal Activities

The Northern Ireland Child Support Agency was established as an Executive Agency of the Department of Health and Social Services on 5 April 1993 under the Government's "Next Steps" initiative. On the 2nd December 1999, the Agency ceased to be part of the Department of Health and Social Services and became part of the newly formed Department for Social Development (DSD).

Our main purpose is to make a difference for children whose parents live apart by arranging or collecting appropriate child support maintenance.

To do this we:

- establish child support - by contacting non-resident parents, arranging the resolution of paternity disputes and calculating child maintenance.
- establish regular payment patterns - by notifying parents of the amount of maintenance to be paid and arranging a suitable payment method, monitoring payments to ensure that a pattern of regular payment is established and collecting and relaying payments at the request of either party.
- maintain child support - by keeping assessments up to date, pursuing missing or late payments promptly and liaising with other Government Departments, Agencies and public bodies.



In fulfilling these responsibilities we aim to be recognised as an Agency which delivers a high quality service to customers and staff because;

- We care about our customers,
- We value and develop our staff,
- We are open, honest, fair and impartial,
- We accept responsibility for our actions,
- We work as one team,
- We strive to improve everything we do.

Strategic Objectives

Our business plan is structured around a set of strategic objectives. Under the Department for Social Development's publication scheme, customers can access the business plan via the Agency's Internet site.

Balanced Scorecard

We use a Balanced Scorecard to ensure a clear focus on our business priorities and to link our business plan with operational plans.

The four elements of our Balanced Scorecard in 2006/07 were:

- Customers
- Processes
- Organisational Learning and Growth
- Results

Details of the Agency's Balanced Scorecard can be found at Annex 1.

Agency Management Board

Barney McGahan, Chief Executive, moved within the Department for Social Development to Resources, Housing and Social Security Group in November 2006. Mary Quinn replaced him as acting Chief Executive and was subsequently appointed as Chief Executive on 1 March 2007. John Millar, and Paul McAnea were successful in a Grade7 promotion competition and joined the Board in December 2006. Throughout the year Lynda Hurley and Eilish O'Neill have temporarily filled the Operations Director post and the Operations Manager Post has been temporarily filled by Barbara McGread and Donna Burns.

The Agency's Management Board at March 2007 was:

Chief Executive	Mary Quinn	
Resources Director	Andrea Orr	
Operations Director	Eilish O'Neill	(Temporary)
Operations Manager	Donna Burns	(Temporary)
Operations Manager	Paul McAnea	
Operations Manager	John Millar	
Operations Manager	Lynda Hurley	
Business Development Manager	Chris Matthews	
Financial Controller	Jeff Glass	
Personnel Officer	Sharon Toner	
Planning and Performance Manager	Paddy Rooney	(Temporary)

Audit

Internal Audit

During 2006/07, the Agency's Internal Audit team carried out a planned programme of work as agreed by the Agency Audit Committee. All of the reviews were conducted in accordance with the Government Internal Audit Standards. The outcome of these reviews has been reported to Senior Management during the year. In addition, the reviews are also reported to and monitored by the Agency Audit Committee, which meets 3 times a year. As a result of this work the Head of Internal Audit is able to provide the Agency Accounting Officer and the Agency Audit Committee with an opinion on the adequacy and effectiveness of the Agency's arrangements for risk management, control and governance in respect of both Client Funds and Administration Expenditure. In addition, this opinion is reported to the Departmental Audit Committee in the Internal Audit Annual Report at year-end.

External Audit

The accounts have been audited by the Comptroller and Auditor General for Northern Ireland. His certificate on the Administration Accounts is on pages 33 to 34, and his certificate and report on the Client Funds Account is on pages 58 to 59, and Appendix I respectively.

The audit fee this year is £77,625 (2005/06 £119,000). The audit fee represents the cost for the audit of the accounts (including the Client Funds account) carried out by the Comptroller and Auditor General. There was no remuneration paid for non-audit work during the year.

So far as the Chief Executive is aware, there is no relevant audit information of which the Agency's auditors are not aware. The Chief Executive has taken all steps that she ought to have taken to make her aware of any relevant audit information and to establish that the Agency's auditors are aware of that information.

Research and Future Developments

It is the Agency's policy to keep abreast of all technical innovation, products and systems developments in the fields in which it operates.

Fixed Assets

Details of the movements in fixed assets are set out in Note 6 to the Administration Account. The Agency values assets at net current replacement cost with the exception of leasehold improvements to buildings, which are valued at existing use cost.

Charitable Donations

There were no charitable or political donations in the year (2005-06 no charitable or political donations).

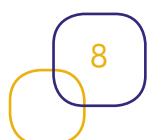
Payments to suppliers

The Agency is committed to the prompt payment of bills for goods and services received in accordance with the Confederation of British Industry's Prompt Payment Code and British Standard BS 7890 – Achieving Good Payment Performance in Commercial Transactions.

Payments are normally made as specified in contracts. If there is no contractual provision or other understanding they are due to be paid within 30 days of the receipt of the goods or services, or presentation of a valid invoice or similar demand, whichever is later. During the year 99% (2005-06 98%) of bills were paid within this standard.

Policy in relation to Disabled Employees

The Agency follows the Northern Ireland Civil Service Code of Practice on the Employment of Disabled People. The Agency aims to ensure that disablement is not a bar to recruitment or advancement.



Health and Safety

The Agency is committed to adhering to all existing legislation on Health and Safety at Work to ensure that staff and customers enjoy the benefits of a safe environment.

Consultation with Employees

The Agency makes every effort to ensure that all staff are kept informed of the Agency's plans and development. The main channels of communication include office circulars and regular team briefings from which information is disseminated.

Equal Opportunities

The Agency is an equal opportunities employer offering employment and advancement on the basis of merit. In addition, the Agency seeks to create a harmonious and neutral working environment, accommodating diversity and outlawing harassment.

Pension Liabilities

Present and past employees of the Agency are covered by the Principal Civil Service Pension Scheme (PCSPS) Northern Ireland, which is described in the Remuneration Report and at Note 2 to the Accounts.

Members Interests

There are no significant interests held by Board members or senior management which may conflict with their management responsibilities.

Accounts

The accounts are prepared in accordance with a direction given by the Department of Finance and Personnel in accordance with **Section 11(2) of the Government Resources and Accounts Act (Northern Ireland) 2001**.

Management Commentary

Business Performance Against Key Targets

Customers

We will provide the level of service our customers have the right to expect from us by processing more maintenance assessments, getting more money flowing more quickly and making it easier for our customers to contact us when issues arise.

The Agency continues to operate two child support schemes in parallel, the 'new' scheme, relating to cases received on or after 3 March 2003, and the 'old' scheme, relating to cases received prior to 3 March 2003.

The Agency committed to delivering a 65% increase in the number of children receiving child maintenance by March 2007 as compared to March 2003. Performance at the end of the year sits at 106%.

For our Great Britain business, performance is comparable with the overall outturns reported by the Agency in Great Britain.

Performance on the Agency's old scheme cases is monitored against a number of internal targets which have been set to ensure that clients who remain on the old child support scheme, the bulk of the Agency's caseload, continue to receive an acceptable standard of service. Prudent resource management has ensured that levels of service to clients who have remained on the old scheme have been maintained.

Full details of performance against the Agency's objectives for this area for the 2006 - 2007 business year can be found at: **Annex I.**

Results

Through the achievement of challenging results we will deliver an improved service to our customers, getting more money flowing more quickly.

At the beginning of the year, the Minister with responsibility for child support in Northern Ireland set the Agency key targets. Under the strategic partnership agreement with the Great Britain Agency, the Northern Ireland Agency also contributes to the targets which have been set for the Great Britain Agency by the Secretary of State for Work and Pensions.

Against a challenging operational background in 2006/2007, which saw the publication of Sir David Henshaw's report on the recovery of child support, the Child Support Agency in Northern Ireland performed well across a range of areas. The target to increase the number of children receiving child maintenance by March 2007 stood at 106% against the target of 65%. The Agency's accuracy target was achieved, with 98% performance against the 92% target and its case compliance target was only narrowly missed with a performance of 61% against the target of 62%. Cash compliance for the year was 54% against a target of 60%. Dedicated work is ongoing to improve compliance and increase the amount of maintenance collected by the Agency.

Full details of performance against the Agency's objectives for this area for the 2006 - 2007 business year can be found at: **Annex I.**

Learning And Growth

The Agency recognises that its people make things happen and that the staff are the most important factor when it comes to delivering a quality service to customers. We will properly equip staff to deliver child support services in a professional, sensitive and effective manner by training, coaching, supporting and developing people to enable them to realise their full potential.

In 2006 the Agency embarked on a programme to develop a culture in which it's people and business can thrive. To help achieve this a consultancy firm, Capgemini, was engaged and worked together with Agency staff to develop a programme of work to bring about the necessary change. Key issues for improvement were identified during workshops and cascade events; Agency managers have taken responsibility for driving these issues forward. The consultancy period ended in February 2007 and Agency management have committed to continuing the work and with participation of everyone in the Agency delivering the changes to make the Agency a better place to work and improve the client service.

Full details of performance against the Agency's objectives for this area for the 2006 - 2007 business year can be found at: **Annex I.**

Processes

We will ensure that our processes are developed, reviewed and revised to deliver equitable and fair outcomes for customers and staff.

The Agency launched its Operational Improvement Project in 2006 and in April 2006 a project team was set up to manage the operational improvements and develop the Northern Ireland and Eastern area project plans. Many changes have occurred throughout the year and significant progress has been made in improving the Agency's performance to clients and stakeholders including improvements to the new computer system, the introduction of a revised system for handling complaints and the use of credit/debit cards as a method of payment. There are still many challenges ahead and Agency management are committed to ensuring the aims of the Operational Improvement Project are achieved.

Full details of performance against the Agency's objectives for this area for the 2006- 2007 business year can be found at: **Annex 1.**

Forward Look

A copy of the key Ministerial and Secretary of State targets set for 2007/2008 can be found at Annex 2.

Remuneration Report

Remuneration Policy

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

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

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

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

The pay award for staff in the Senior Civil Service (SCS) is comprised of two elements; a base pay uplift and a non-consolidated bonus. Both elements are based on performance. The non-consolidated bonuses are payable to a proportion of SCS staff as part of the annual pay award.

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

Service Contracts

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

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation scheme. Further information about the work of the Civil Service Commissioners can be found at www.nicscommissioners.org.

Salary and pension entitlements

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

Agency Management Board (Audited)

Officials	2006-07		2005-06	
	Salary and Allowances £'000	Benefits in kind (to nearest £100)	Salary and Allowances £'000	Benefits in kind (to nearest £100)
M Quinn	50 - 55	-	40 - 45	-
B McGahan	75 - 80	-	85 - 90	-
A Orr	45 - 50	-	40 - 45	-
J Canavan	-	-	20 - 25	-
E O'Neill	35 - 40	-	30 - 35	-
L Hurley	35 - 40	-	35 - 40	-
C Matthews	30 - 35	-	30 - 35	-
S Toner	30 - 35	-	30 - 35	-
J Forster	-	-	25 - 30	-
J Glass	35 - 40	-	35 - 40	-
J Millar	30 - 35	-	-	-
P McAnea	35 - 40	-	-	-
P Rooney	30 - 35	-	-	-
D Burns	25 - 30	-	25 - 30	-
B McGread	20 - 25	-	-	-

These figures represent actual amounts paid

Salary

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

Benefits in kind (Audited)

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

Civil Service Pensions (Audited)

Officials	Accrued pension at age 60 as at 31/3/07 and related lump sum	Real increase in pension and related lump sum at age 60	CETV at 31/3/07	CETV at 31/3/06	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
M Quinn Chief Executive	20 – 25 plus lump sum of 65 – 70	0 – 2.5 plus lump sum of 5 – 7.5	445	312	44	-
B McGahan Chief Executive (until Nov 2006)	30 – 35 plus lump sum of 90 - 95	0 – 2.5 plus lump sum of 0 – 2.5	594	539	20	-
A Orr Resources Director	10 – 15 plus lump sum of 30 - 35	0 – 2.5 plus lump sum of 0 – 2.5	154	128	11	-
J Canavan Resources Director	-	-	-	N/A – over 60	-	-
E O'Neill Operations Director (Acting)	10 – 15 plus lump sum of 30 – 35	0 – 2.5 plus lump sum of 0 – 2.5	173	138	2	-
L Hurley Operations Manager	10 – 15 plus lump sum of 35 – 40	0 – 2.5 plus lump sum of 0 – 2.5	207	162	4	-
C Matthews Business development Manager	5 – 10 plus lump sum of 20 – 25	0 – 2.5 plus lump sum of 0 – 2.5	83	65	6	-
S Toner Personnel Officer	5 – 10 plus lump sum of 20 – 25	0 – 2.5 plus lump sum of 0 – 2.5	92	77	10	-

J Forster Personnel Officer	-	-	-	217		-
J Glass Financial Controller	5– 10 plus lump sum of 25 –30	0 – 2.5 plus lump sum of 0 – 2.5	130	107	17	-
J Millar N I Operations Manager	5 – 10 plus lump sum of 25 – 30	0 – 2.5 plus lump sum of 0 – 2.5	134	121	7	-
P McAnea Operations Manager	5 – 10 plus lump sum of 40 - 45	0 – 2.5 plus lump sum of 0 – 2.5	256	237	9	-
P Rooney Planning and Performance Manager	5 – 10 plus lump sum of 25 - 30	0 – 2.5 plus lump sum of 0 – 2.5	135	119	7	-
D Burns Operations Manager (Acting)	5– 10 plus lump sum of 20 – 25	0 – 2.5 plus lump sum of 0 – 2.5	117	90	6	-
B McGread Operations Manager (Acting)	5– 10 plus lump sum of 25 – 30	2.5 – 5 plus lump sum of 5 – 7.5	136	98	37	-

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

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

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

The accrued pension quoted is the pension the member is entitled to receive when they reach 60, or on immediately ceasing to be an active member of the scheme if they are already 60.

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

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements and for which the Department of Finance and Personnel's Superannuation Scheme has received a transfer payment commensurate with the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It 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.



M Quinn
Chief Executive
27th JUNE 2007

Annex 1

Balanced Scorecard 2006 - 2007

Customers

We will provide the level of service our customers have the right to expect from us by processing more maintenance assessments, getting more money flowing more quickly and making it easier for our customers to contact us when issues arise. Our specific targets and objectives for 2006/07 are as follows.

Strategic Objectives	Measures	Target	Year End Position
<ul style="list-style-type: none"> To meet customer needs 	<ul style="list-style-type: none"> Level of customer satisfaction 	<ul style="list-style-type: none"> 60% 	<ul style="list-style-type: none"> Target met with performance at 65%.
	<ul style="list-style-type: none"> Service Standards* <ul style="list-style-type: none"> Telephony performance (abandoned calls to the Customer Helpline) 	<ul style="list-style-type: none"> <15% 	<ul style="list-style-type: none"> Target met with performance at 10%.
	<ul style="list-style-type: none"> Payment to the Parent with Care <ul style="list-style-type: none"> New scheme Old Scheme 	<ul style="list-style-type: none"> 90% within 10 days 98% within 10 days 	<ul style="list-style-type: none"> Target met with performance at year end 93% (New Scheme) Target met with performance at year end 99% (Old Scheme)
	<ul style="list-style-type: none"> Resolve customer complaints or agree a resolution plan 	<ul style="list-style-type: none"> 90% of complaints resolved within 20 working days 	<ul style="list-style-type: none"> Target met with performance at year end 96%
<ul style="list-style-type: none"> To reduce child poverty 	<ul style="list-style-type: none"> Number of children receiving child maintenance 	<ul style="list-style-type: none"> 65% increase from 2003 baseline 	<ul style="list-style-type: none"> Target met with performance at year end 106% increase

Processes

We will ensure that our processes are developed, reviewed and revised to deliver equitable and fair outcomes for customers and staff. Our specific objectives for 2006/07 are as follows.

Strategic Objectives	Measures	Target	Year End Position
<ul style="list-style-type: none"> To deliver strategic programme objectives in order to improve processes 	<ul style="list-style-type: none"> Progress against Operational Improvement Project Plan 	<ul style="list-style-type: none"> Meet project milestones 	<ul style="list-style-type: none"> Target met.
	<ul style="list-style-type: none"> Service Standards - increase the proportion of applications reaching maintenance calculations 	<ul style="list-style-type: none"> 50% 	<ul style="list-style-type: none"> Target not met with year end performance at 44%

Organisational Learning And Growth

The Agency recognises that its people make things happen and that the staff are the most important factor when it comes to delivering a quality service to customers. We will properly equip staff to deliver child support services in a professional, sensitive and effective manner by training, coaching, supporting and developing people to enable them to realise their full potential. Our specific objectives for 2006/07 are as follows.

Strategic Objectives	Measures	Target	Year End Position
<ul style="list-style-type: none"> To have the right people in the right place at the right time 	<ul style="list-style-type: none"> Staff numbers 	<ul style="list-style-type: none"> No less than 95% of complement 	<ul style="list-style-type: none"> Target not met.
	<ul style="list-style-type: none"> Levels of absenteeism 	<ul style="list-style-type: none"> 10% reduction on 2005/06 target 	<ul style="list-style-type: none"> Target not met.
<ul style="list-style-type: none"> To ensure that staff develop and maintain the right skills, values and behaviours to achieve business results 	<ul style="list-style-type: none"> Personal Development plans completed (excluding those on long term sick and career break) 	<ul style="list-style-type: none"> 100% by 31/05/06 	<ul style="list-style-type: none"> Target not met.
	<ul style="list-style-type: none"> Personal Development Plan needs met 	<ul style="list-style-type: none"> 100% by 31/03/07 	<ul style="list-style-type: none"> Target met.
	<ul style="list-style-type: none"> Investors in People 	<ul style="list-style-type: none"> Retention of Investors in People recognition 	<ul style="list-style-type: none"> Target met.

Results

Through the achievement of challenging results we will deliver an improved service to our customers, getting more money flowing more quickly. Our specific targets for 2006/07 are as follows.

Strategic Objectives	Measures	Target	Year End Position
<ul style="list-style-type: none"> To collect the right money from right people at right time 	<ul style="list-style-type: none"> Cash Value Accuracy (to the nearest penny on the last decision made) <ul style="list-style-type: none"> New Scheme Old Scheme 	<ul style="list-style-type: none"> 92% 90% 	<ul style="list-style-type: none"> Target met with year end performance at 98% (New Scheme) Target met with year end performance at 98% (Old Scheme)
	<ul style="list-style-type: none"> Case Compliance (excluding maintenance direct) <ul style="list-style-type: none"> New Scheme Old Scheme (including maintenance direct) New scheme 	<ul style="list-style-type: none"> 62% 75% 65% 	<ul style="list-style-type: none"> Target not met with year end performance at 61% Target met with year end performance at 76% Target met with year end performance at 66%
	<ul style="list-style-type: none"> Cash Compliance <ul style="list-style-type: none"> New Scheme Old Scheme 	<ul style="list-style-type: none"> 60% 72% 	<ul style="list-style-type: none"> Target not met with year end performance at 54% (New Scheme) Target met with year end performance at 74% (Old Scheme)
<ul style="list-style-type: none"> To promote Maintenance Direct arrangements 	<ul style="list-style-type: none"> Level of Maintenance Direct 	<ul style="list-style-type: none"> Increase by 10% for old scheme (target 21%) and 10% for new scheme (target 10%) 	<ul style="list-style-type: none"> Target not met with year end performance at 19.5% (Old Scheme) Target met with year end performance at 10% (New Scheme)
<ul style="list-style-type: none"> To provide value for money to the taxpayer 	<ul style="list-style-type: none"> Cost of collections 	<ul style="list-style-type: none"> Establish baseline by September 2006 	<ul style="list-style-type: none"> Target met.

Annex 2

Balanced Scorecard 2007 - 2008

“ARRANGING, COLLECTING AND PAYING OUT MONEY FOR MORE CHILDREN”	
CLIENTS	PEOPLE
<p>To provide a high quality service to meet client and stakeholder needs</p> <ul style="list-style-type: none"> • More money to Children – By 31st March 2008, to increase the number of children receiving child maintenance in Northern Ireland by 150 per cent (12,085 children) compared to March 2003 (4,834 children). • Total Maintenance Collection – By 31st March 2008, to collect or arrange £18 million in child maintenance for Northern Ireland clients; of which at least £1.5 million maintenance will be arrears. • Maintenance Outcomes <ul style="list-style-type: none"> • Northern Ireland - by 31st March 2008, in 60% of cases in which a liability to pay maintenance exists, the non resident parent either has made a payment via the collection service, or a Maintenance Direct arrangement is in place. • Eastern - by 31st March 2008, in 66% of cases in which a liability to pay maintenance exists, the non resident parent either has made a payment via the collection service, or a Maintenance Direct arrangement is in place. • New Applications Backlog Target - By 31st March 2008, to have reduced the volume of uncleared new scheme applications in Northern Ireland by 11% of the amount outstanding at the end of March 2007. 	<p>To develop appropriate organisational culture, behaviours and leadership</p> <p>By 31st March 2008 to achieve the improvements in the Culture Change Programme’s benefits realisation plan.</p> <p>By 31st March 2008 to deploy all possible interventions to ensure that the organisation has the right number of staff working the right hours to meet client needs.</p> <p>By 31st March 2008 to reduce the average number of working days lost due to sick absence by 10% compared to 2006/07 target.</p>
FINANCE	PROCESSES
<p>To provide value for money and maintain a sound system of internal control</p> <p>By 31st March 2008 to improve the Northern Ireland Agency’s cost of collection (including maintenance direct) by 5% on March 2006 baseline.</p> <p>By 31st March 2008 to successfully implement all accepted audit recommendations within agreed timescales.</p> <p>To live within budgets</p> <p>By 31st March 2008 to achieve efficiency targets set for the Agency.</p>	<p>To modernise services and maximise efficiency.</p> <p>By 31st March 2008 to have delivered the actions in the Agency’s Operational Improvement Project plans.</p> <p>By 31st March 2008 to have delivered the Agency specific actions in the Department for Social Development’s HR Connect Project plans.</p> <p>By 31st March 2008 to have developed an Electronic Document and Records Management System implementation plan with the Department for Social Development and the Department for Working Pensions.</p>

Annex 3

Recruitment Information

Recruitment information to be published in accordance with Appendices A - C of the Recruitment Code in respect of the period 1 April 2006 to 31 March 2007.

1. Recruitment System

The Child Support Agency adheres to the recruitment principles on selection of staff on merit and fair and open competition in accordance with the Civil Service Commissioners' Recruitment Code. Systems are in place to ensure that selection for appointments are made in accordance with Sections 2 and 3 of the Code.

Recruitment Service currently carries out recruitment of all Child Support Agency staff, including temporary staff.

2. Appointments Under The Provision Of Regulation 3

- a) There were no appointments on secondment.
- b) There were no transfers of persons into the Child Support Agency where the person held a situation in any other Civil Service of the Crown.
- c) There were no transfers of persons into the Child Support Agency where the person was employed on functions being transferred to the Crown.
- d) No one of proven distinction was appointed where there were exceptional reasons, justified by the needs of the Northern Ireland Civil Service
- e) There were no appointments made under Government initiatives/programmes.

3. Statistical Summaries

A summary of the details relating to the occupational group is shown below and include:

- i) The category of appointment;
- ii) The number of applications;
- iii) The number of appointments; and
- iv) The analysis by the Equal Opportunities variables of gender, community background and disability.

**Extent And Type Of Recruitment Carried Out In The
Northern Ireland Child Support Agency Period Covered:
1 April 2006 – 31 March 2007**

Total Number Of Applications By Occupational Group

Occupational Group	Total No	Gender				Community Background						Declared Disabled %	
		M	%	F	%	P	%	RC	%	ND	%		
Non-Industrial													
General Service Grades	0	0		0		0		0		0		0	
Secretarial Grades													
Scientific Grades													
Technology Grades													
Legal Grades													
Computer Grades													
Other Prof & Tech Grades													
Centralised Services Grades													
Industrial													
Supervisory													
Craft													
Non-craft													
TOTAL	0	0		0		0		0		0		0	

CLASSIFICATION OF APPLICATIONS BY APPOINTMENT TYPE

Occupational Group	Total No	Gender				Community Background						Declared Disabled %	
		M	%	F	%	P	%	RC	%	ND	%		
Non-Industrial													
Permanent													
Fixed Term													
Temporary/Casual	0	0		0		0		0		0		0	
Industrial													
Permanent													
Fixed Term													
Temporary/Casual													
TOTAL	0	0		0		0		0		0		0	

Total Number Of Appointments By Occupational Group

Occupational Group	Total No	Gender				Community Background						Declared Disabled %	
		M	%	F	%	P	%	RC	%	ND	%		
Non-Industrial													
General Service Grades	0	0		0		0		0		0		0	
Secretarial Grades													
Scientific Grades													
Technology Grades													
Legal Grades													
Computer Grades													
Other Prof & Tech Grades													

Centralised Services Grades													
Industrial													
Supervisory													
Craft													
Non-craft													
TOTAL	0	0		0		0		0		0		0	

Appointment Type

Occupational Group	Total No	Gender				Community Background						Declared Disabled %	
		M	%	F	%	P	%	RC	%	ND	%		
Non-Industrial													
Permanent													
Fixed Term													
Temporary/Casual	0	0		0		0		0		0			
Industrial													
Permanent													
Fixed Term													
Temporary/Casual													
TOTAL	0	0		0		0		0		0		0	

CHILD SUPPORT AGENCY (NI)

**Accounts for the Year Ended
31 March 2007**

Administration Account

Statement of Agency's and Chief Executive's Responsibilities

Under **Section 11(2) of the Government Resources and Accounts Act (Northern Ireland) 2001**, the Department of Finance and Personnel has directed the Child Support Agency to prepare a statement of accounts for each financial year 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 Agency's state of affairs at the year-end and of its income and expenditure, recognised gains and losses and cash flows for the financial year.

In preparing the accounts the Agency is required 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 that are reasonable and prudent;
- state whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Agency will continue in operation.

The Accounting Officer for the Department for Social Development has designated the Chief Executive of the Northern Ireland Child Support Agency as Accounting Officer for the Agency. 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 Northern Ireland Child Support Agency's assets, are set out in the Accounting Officers' Memorandum issued by the Department of Finance and Personnel and published in "Government Accounting Northern Ireland".



M Quinn
Chief Executive
27 June 2007

Administration Account

Statement on Internal Control

1. Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of Agency policies, aims and objectives, whilst safeguarding the public and client funds, and departmental assets for which I am personally responsible.

There are four key organisational elements which support the delivery of corporate governance in the Agency:

- Agency Board meetings, which cover operational issues, strategic issues and risks
- Agency Audit Committee
- Joint Standards Committee on Decision Making
- Operational Improvement Project meetings

I discuss the key risks to the delivery of the Child Support Agency's objectives with the Permanent Secretary of the Department for Social Development on a regular basis.

In addition to formal quarterly briefings sent to the Minister showing progress against targets and updates on the Operational Improvement Project, other updates are provided and meetings take place as and when required.

2. The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Agency policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Agency for the year ended 31 March 2007 and up to the date of approval of the Annual Report and Accounts, and accords with guidance issued by the Department of Finance and Personnel.

3. Capacity to handle risk

The Agency has established a Risk Management Framework, which covers all the processes involved in identifying, assessing and judging risks, assigning ownership, taking actions to mitigate or anticipate them, and monitoring and reviewing progress. This has been reinforced across the Agency with senior managers fully trained in this methodology. Risk identification is a fundamental part of the Agency planning process.

The Department for Social Development's Internal Audit, which operates to the Government Internal Audit Standards, uses the Agency's risk register to formulate its audit plan. This involves examining the risk management process in place to ensure it is effective and that it includes all of the key risks facing the Agency in achieving its corporate objectives. The Audit Committee meets three times a year to discuss the risk register and to review outstanding audit recommendations. These meetings provide a platform for exchanging information and sharing best practice. The Agency has been in the process of appointing an Independent Board Member to chair the Audit Committee, however, as this process has not materialised, an agreement has been reached whereby the Social Security Agency Chief Executive will take on responsibility for Chair of the Audit Committee as an interim measure. The Audit Committee considers progress against the Audit Plan, audit findings and the Head of Internal Audit's opinion on the adequacy and effectiveness of the system of internal control.

4. The risk and control framework

The Agency has revised the risk management process in line with the guidance set out in HM Treasury Orange Book. The Agency identifies, assesses, addresses and reviews risks at all levels within the Agency. All risks, once identified, are assigned to an owner who has responsibility for ensuring that the risk is managed and monitored over time. Risks recorded on the Agency Risk Register will be formally reviewed bi-monthly with additional assurance and challenge to the Register being provided by Internal Audit/Northern Ireland Audit Office. The following evidence demonstrates how the risk and control framework is embedded within the Agency:

- the Agency's Corporate Governance Framework, including:
 - Agency Board meetings deal with:
 - all matters of performance monitoring, manpower planning, resource allocation, accountability and governance
 - the development of strategy, business planning, quality improvement and innovation, including the financial, personnel and other resource implications of matters under discussion
 - the Northern Ireland/Eastern Area risk register and the Agency related risks from the Department for Social Development corporate risk register
 - Operational Improvement Project Board meetings which deal with performance monitoring against the plans, Operational Improvement Project risk register, and policy and legislation matters
 - Agency Audit Committee, which supports the Accounting Officer by monitoring and reviewing the risk, control and governance processes that have been established in the Agency, and the associated assurance processes. A number of independent guests (Head of Internal Audit and Northern Ireland Audit Office) are invited to the Agency Audit Committee
- a Corporate Plan for 2007/08 that sets the Public Service Agreement objectives, and monthly monitoring against targets, capacity plans and ministerial targets;
- procedures for the identification, control and management of risks, including:
 - a risk register which is reviewed every 2 months,
 - the allocation of risk ownership,
 - embedding risk management across all activities, and
 - an assurance chain consisting of monthly assurance statements to me, underpinned by evidenced lower level management checks and performance data.
- the involvement of the Department for Social Development's Internal Audit which operates to Government Internal Audit Standards and which provide me with:
 - an annual audit plan based on the Agency's risk management process, including its risk register,
 - regular internal audit reports on individual areas of the business, and
 - an overall annual audit assurance report.
- an internal follow-up system, to ensure that internal and external audit recommendations are implemented;
- the setting of Agency financial targets and their dis-aggregation to lower management (via Resource co-ordinators);
- internal controls, including segregation of duties and controls over the operation of computer systems;
- compliance with specific regulations and procedures laid down either externally or centrally, including security, data

-
- protection, health and safety, government accounting and legal requirements;
 - performance measurement using the balanced scorecard approach (in terms of customers, processes, organisational learning and growth, results);
 - Joint Standards Committee which reports on the standard of decision-making and accuracy within the Agency;
 - Reports published by the Independent Case Examiner (ICE), who provide an impartial complaints and resolution service for Agency customers;
 - President of Appeals Service publications which report on the standard of decision-making in cases which have come before Appeal Tribunals;
 - Documented procedures for key systems including the Child Support Guide (old rules) and Online Business Procedures (new rules); and
 - documented procedures including the Finance Manual.

5. Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. This is informed by the work of the internal auditors and the executive managers within the Agency who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review by the Board and the Audit Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place. The Audit Committee meets three times a year to discuss outstanding audit recommendations regarding internal controls. The Audit Committee considers progress against the Audit Plan, audit findings and the Head of Internal Audit's opinion on the adequacy and effectiveness of the system of internal control. The Risk Register is reviewed and discussed by Agency Management on an ongoing basis.

My review has confirmed that there are sound controls over Administration expenditure within the Agency. This was reflected in the fact that the Agency was given substantial assurance by Internal Audit in respect of their various audits involving the Administration Account.

Although a separate Account and Statement on Internal Control is prepared in relation to Clients Funds, the Statement on Internal Control for Client Funds should be read in conjunction with this Statement.



M Quinn
Chief Executive
27 June 2007

NORTHERN IRELAND CHILD SUPPORT AGENCY

ADMINISTRATION ACCOUNT

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY

I certify that I have audited the financial statements of the Northern Ireland Child Support Agency for the year ended 31 March 2007 under the Government Resources and Accounts Act (Northern Ireland) 2001. These comprise the Operating Cost Statement and Statement of Recognised Gains and Losses, the Balance Sheet, the Cashflow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Agency, the Chief Executive and auditor

The Agency and Chief Executive, as Accounting Officer, are responsible for preparing the Annual Report, which includes the Remuneration Report, and the financial statements in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and the Department of Finance and Personnel directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Accounting Officer's Responsibilities. My responsibility is to audit the financial statements and the part of the Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Department of Finance and Personnel directions issued under the Government Resources and Accounts Act (Northern Ireland) 2001. I report to you whether, in my opinion, certain information given in the Annual Report, which comprises the Chief Executive's Report, the Directors' Report, the Management Commentary and the Remuneration Report, is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the Agency has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by the Department of Finance and Personnel regarding remuneration and other transactions is not disclosed.

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

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

Basis of audit opinion

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

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

Opinions

Audit Opinion

In my opinion:

- the financial statements give a true and fair view, in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and directions made thereunder by the Department of Finance and Personnel, of the state of the Agency's affairs as at 31 March 2007, and of the net operating cost, recognised gains and losses and cashflows for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Department of Finance and Personnel directions issued under the Government Resources and Accounts Act (Northern Ireland) 2001; and
- The information given within the Annual Report, which comprises the Chief Executive's Report, the Directors' Report, the Management Commentary and the Remuneration Report, is consistent with the financial statements.

Audit Opinion on Regularity

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

Report

I have no observations to make on these financial statements.



JM Dowdall CB
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
Belfast
29 June 2007

"The maintenance and integrity of the Child Support Agency's website is the responsibility of the Accounting Officer; the work carried out by the auditors does not involve consideration of these matters and accordingly the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website."

Administration Account

Operating Cost Statement for the year ended 31 March 2007

		2006-07 £'000	2005-06 £'000
	Note		
Operating income	1.6	18	9
Expenditure:			
Staff costs	2	(10,291)	(9,836)
Depreciation	6	(302)	(292)
Other operating costs	3	<u>(5,765)</u>	<u>(6,029)</u>
		<u>(16,358)</u>	<u>(16,157)</u>
Net cost of operations before interest on capital		(16,340)	(16,148)
Interest on capital employed	1.8	<u>(74)</u>	<u>(77)</u>
Net cost of operations		<u>(16,414)</u>	<u>(16,225)</u>

The notes on pages 39 to 51 form part of the Accounts.

Administration Account

Statement of Recognised Gains and Losses for the year ended 31 March 2007

	Note	2006-07 £'000	2005-06 £'000
Net gain/(loss) on revaluation of tangible fixed assets	11.2	<u>39</u>	<u>(15)</u>

The notes on pages 39 to 51 form part of the Accounts.

Administration Account

Balance Sheet as at 31st March 2007

	Note	31 March 2007 £'000	31 March 2006 £'000
Fixed assets			
Tangible assets	6	2,278	2,355
Debtors falling due after more than one year	8.2	463	655
Current assets:			
Bank	7	44	44
Debtors falling due within within one year	8.1	717	552
Current liabilities:			
Creditors: amounts falling due within one year	9	(948)	(2,785)
Net current liabilities		<u>(187)</u>	<u>(2,189)</u>
Total assets less total liabilities		<u>2,554</u>	<u>821</u>
Taxpayers Equity			
General Fund	11.1	1,419	(348)
Revaluation Reserve	11.2	<u>1,135</u>	<u>1,169</u>
		<u>2,554</u>	<u>821</u>

The notes on pages 39 to 51 form part of the Accounts.



M Quinn
Chief Executive
27 June 2007

Administration Account

Cash Flow Statement for the year ended 31st March 2007

	2006-07	2005-06
	£'000	£'000
Net cash outflow from operating activities	(17,073)	(12,747)
Capital expenditure and financial investment	(193)	(285)
Financing from the Consolidated Fund	<u>17,266</u>	<u>13,076</u>
Increase/(Decrease) in cash in the period	<u>0</u>	<u>44</u>
Reconciliation of operating cost to operating cash flows		
Net Operating Cost	(16,414)	(16,225)
Adjust for non-cash transactions (see note 12.1)	1,153	1,103
Adjust for movement in working capital other than cash (see note 12.2)	<u>(1,812)</u>	<u>2,375</u>
Net cash outflow from operating activities	<u>(17,073)</u>	<u>(12,747)</u>
Analysis of capital expenditure and financial investment		
Purchase of fixed assets (see note 6)	(193)	(285)
Net cash outflow from investing activities	<u>(193)</u>	<u>(285)</u>
Analysis of financing		
From Consolidated Fund	17,266	13,120
(Increase)/Decrease in cash	<u>0</u>	<u>(44)</u>
Net cash inflow from financing (note 12.3)	<u>17,266</u>	<u>13,076</u>

The notes on pages 39 to 51 form part of the Accounts.

Notes To The Accounts

I. Statement of Accounting Policies

The financial statements have been prepared in accordance with the 2006-07 Financial Reporting Manual issued by the Department of Finance and Personnel (DFP). The Accounting policies contained in the Financial Reporting Manual follow UK Generally Accepted Accounting Practice for companies to the extent that it is meaningful and appropriate to the public sector. Where the Financial Reporting Manual permits a choice of accounting policy, the accounting policy which has been judged to be most appropriate to the particular circumstances of the Agency for the purpose of giving a true and fair view has been selected.

The accounting policies, adopted by the Agency are described below and these have been applied consistently in dealing with items considered material in relation to the financial statements.

I.1 Accounting Convention

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

Without limiting the information given, the financial statements meet the accounting and disclosure requirements of the Companies (NI) Order 1986 as amended, accounting standards issued or adopted by the Accounting Standards Board, UK GAAP and accounting and disclosure requirements issued by the Department of Finance and Personnel as far as those requirements are appropriate.

I.2 Tangible Fixed Assets

Leasehold building refurbishment costs have been stated at current cost using professional valuations by the Valuation and Land Agency (VLA) each year. The Valuations were carried out by members of the Royal Institute of Chartered Surveyors (RICS) in accordance with procedures laid out in the RICS Appraisal and Valuation Manual. Other tangible assets have been stated at current cost using appropriate indices provided by the Office of National Statistics. The minimum level of capitalisation of a fixed tangible asset is £1,000 with the exception of personal computers and printers which are capitalised irrespective of cost, and computer software which has a threshold of £5,000.

The Agency does not own any land or buildings however leasehold building refurbishment costs for Great Northern Tower and Royston House have been capitalised.

As the Northern Ireland Child Support Agency and the Belfast Child Support Agency Centre are co-located, assets in shared use are split in the proportion of 22% Northern Ireland and 78% Great Britain with effect from 1st August 2005 (prior to 1st August 2005 20% Northern Ireland and 80% Great Britain).

I.3 Depreciation

Depreciation is provided at rates calculated to write off the valuation of leasehold building refurbishment costs & other tangible fixed assets by equal instalments over their estimated useful lives. Lives are in the following ranges:

Leasehold building refurbishments	10 to 25 years
Computer Equipment	3 to 5 years
Furniture & Fittings	7 to 10 years
Office Machinery	5 years

The leasehold refurbishment costs have been capitalised and will be depreciated over the period of the leases of the buildings.

1.4 VAT

All items in these accounts are exclusive of VAT.

1.5 Stocks

Stocks consist solely of consumable items and are therefore expensed in the year of purchase.

1.6 Operating Income

Operating income relates directly to the operating activities of the Agency. It principally comprises the reimbursement of costs.

In previous years the income figure consisted of fees invoiced for the provision of services in the period and also for fees due in prior periods but not yet invoiced. The charging of fees was suspended from 18 April 1995 and the re-implementation of fees has been deferred.

1.7 Administration and Programme Expenditure

The Operating Cost Statement is analysed by administration costs only. Administration costs reflect the costs of funding the Agency as defined under the Administration Cost Control Regime, together with associated operating income. Income is analysed in the notes between that which, under the Regime, is allowed to be offset against gross administration costs in determining the outturn against the Administration Cost Limit, and that operating income which is not. The Agency has no programme costs.

1.8 Capital Charge

A charge, reflecting the cost of capital utilised by the Agency, is included in operating costs. The charge is calculated at the government's standard rate of 3.5% in real terms on all assets less liabilities.

1.9 Pensions

Present and past employees are covered by the provision of the Principal Civil Service Pension Scheme (PCSPS) which is non-contributory and unfunded. Although the Scheme is a defined benefits scheme, liability for payment of future benefits is a charge to the Scheme. The Agency meets the cost of pension cover provided for the staff they employ by payment of charges calculated on an accruing basis.

1.10 Early Departure Costs

The Agency is required to account for the cost of paying pensions of employees who retire early from the date of their retirement until they reach normal pensionable age.

Since the implementation of the Northern Ireland Resource Accounting Manual the Agency provides in full for the cost of meeting pensions up to the normal retirement age in respect of early retirement programmes in the year. The total costs of these programmes are recognised in the year the announcement is made.

11.11 Cash and bank balances

Due to funding requirements, it is Departmental policy to hold the main operational bank accounts, including those used by the Agency, centrally. This inter-departmental balance is the Agency's share of the Departmental bank balance, and is shown

within creditors at Note 9. The inter-departmental balance was £481,063 for 06-07 (2005-06 447,444). The Agency also has a separate bank account, which is used solely by the Agency for contingency purposes.

1.12 Leases

Leases are regarded as operating leases and the rentals are charged to the Operating Cost Statement on a straight-line basis over the term of the lease.

1.13 GB Child Support Agency

The Eastern Area Business Unit [Eastern Area], which is co-located with the NI Child Support Agency, is responsible for handling casework for an area on the east coast of England under a service level agreement with the GB Child Support Agency. It is entirely funded by the GB Agency and associated costs are excluded from the Operating Cost Statement above. Details of these costs are disclosed at Note 4 below.

Eastern Area expenditure will be reflected in full in the NI Agency Accounts, along with income received in respect of this expenditure, from 2007/08 onwards.

2. Staff Numbers and related costs

Staff costs

A. Staff Costs consist of

	2006-07			2005-06
	£'000	£'000	£'000	£'000
	Total	Permanently employed staff	Others	Total
Wages and Salaries	8,515	8,441	74	8,080
Social Security Costs	486	482	4	497
Other Pension Costs	1,290	1,290	0	1,259
Total	10,291	10,213	78	9,836

The PCSPS(NI) is an unfunded defined benefit scheme which produces its own resource accounts, but the Child Support Agency is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2003 and details can be found in the PCSPS(NI) resource accounts.

For 2006-07 normal employer contributions of £1,290,107 were payable to the PCSPS (NI) (2005-06 £1,256,870) at one of four rates in the range 16.5 to 23.5 per cent of pensionable pay, based on salary bands (2005-06 16.5 to 23.5 per cent). These rates have increased from 1 April 2005 as a result of the latest actuarial valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees joining after 1 October 2002 could opt to open a partnership account, a stakeholder pension with an employer contribution. Employer's contributions of £1,899 (2005-06 £975) were paid to one or more of a panel of four appointed stakeholder pension providers. Employer contributions are age-related and range from 3 to 12.5 per cent (2005-06 3 to 12.5 per cent) of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay. In addition, employer contributions of £219, 0.8 per cent (2005-06 £104, 0.8 per cent of pensionable pay), of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £nil (2005-06 £nil). Contributions prepaid at that date were £nil (2005-06 £nil).

Seven persons (2005-06 five persons) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £9,570 (2005-06 £5,724)

Average number of persons employed

B. The average number of whole-time equivalent persons employed (including senior management) during the year was as follows:

	2006-07 No.	2005-06 No.
Permanent Staff	485	467
Others	<u>5</u>	<u>6</u>
	490	473

In addition to the above, the average number of whole-time equivalent persons employed on Eastern Area processing during the year was 1,248.

3. Other Operating Costs

3.1 Operating Costs

	2006-07	2005-06
	£'000	£'000
Staff Related Costs	201	206
Accommodation	948	1,241
Printing & Stationery	118	182
Facilities Management	388	367
Management Consultancy	67	0
Postage	20	30
Telecommunications	50	57
Special Payments (see note below)	409	276
Bank Charges	33	31
Miscellaneous	124	138
Notional Costs (Note 3.2)	768	726
ITSA Charges	2,630	2,767
Profit/Loss on disposal of assets	0	2
Impairments	<u>9</u>	<u>6</u>
	<u>5,765</u>	<u>6,029</u>

Note: £409,000 (2005-06 £276,000) relates to payments made in 768 (2005-06 681) cases in total. Special payments include payments to Non Resident Parents for reimbursement of maintenance totalling £212,000 (2005-06 £148,000) in 232 (2005-06 192) cases (see Note 2 of the Client Funds Account).

3.2 Notional Costs

Chargeable services provided to CSA(NI) without the transfer of cash include:

	2006-07 £'000	2005-06 £'000
COSTS INCURRED BY DSD		
Social Security Agency	295	167
Other Services	264	301
COSTS INCURRED BY OTHER DEPTS		
DHSSPS	11	12
DFP	114	121
Audit Fee *	78	119
Other	6	6
	<u>768</u>	<u>726</u>

*The audit fee represents the cost for the audit of the financial statements (including the Client Funds account) carried out by the Comptroller and Auditor General. There was no remuneration paid for non-audit work during the year.

4 Eastern Area Expenditure

In addition to the expenditure accounted for in this account, Eastern Area expenditure for the year totalled £30.057m. This is made up of £24.247m staff costs and £5.81m other operating costs.

5. Provision for Bad Debt

The provision had been made to allow for the potential non-payments of fees (See Note 8). The movements on the provision are as follows:

	2006-07 £'000	2005-06 £'000
Balance as at 1 April 2006	125	132
Decrease in the provision	(4)	(7)
Balance as at 31 March 2007	<u>121</u>	<u>125</u>

6. Tangible Fixed Assets

	BUILDING REFURBISH- MENT	COMPUTER EQUIPMENT AND SOFTWARE	FURNITURE & FITTINGS	OFFICE EQUIPMENT	TOTAL
	£'000	£'000	£'000	£'000	£'000
COST OR VALUATION					
At 1 April 2006	4,325	641	433	59	5,458
Additions at Cost	122	59	15	0	196
Disposals at Cost	0	(8)	(1)	0	(9)
Revaluation	62	(15)	5	0	52
At 31 March 2007	4,509	677	452	59	5,697
DEPRECIATION					
At 1 April 2006	2,399	493	161	50	3,103
Amount provided in year	186	58	51	7	302
Disposals	0	(8)	(1)	0	(9)
Revaluation	27	(5)	1	0	23
At 31 March 2007	2,612	538	212	57	3,419
NET BOOK VALUE					
At 31 March 2007	1,897	139	240	2	2,278
At 31 March 2006	1,926	148	272	9	2,355
Analysis of capital expenditure					
			2006-07 £'000		2005-06 £'000
Additions per Fixed Asset note			196		237
Opening Balance Adjustment			0		0
Opening Fixed Asset Accrual			1		49
Closing Fixed Asset Accrual			(4)		(1)
Total Cash Payments per Cashflow Statement			193		285

Note:

Building refurbishments are valued at existing use value. The aim of this is to provide consistency and give a fairer presentation of the organisation's financial statements.

Building refurbishments due to be valued in the year, were valued on 31st March 2007 on the basis of existing use value by the Valuation and Lands Agency.

The market value of building refurbishments is £nil (2005-06 £nil) a difference of £1,775,000 (2005-06 £1,926,000) when compared to the existing use value.

7. Bank

	2006-07 £'000	2005-06 £'000
Administration bank balance	<u>44</u>	<u>44</u>
	44	44

The bank account was brought in to the Agency Accounts for the first time in 2005/06. Previously this bank balance was consolidated within the Departmental Resource Accounts.

8. Debtors**8.1 Amounts falling due within one year**

	2006-07 £'000	2005-06 £'000
Trade Debtors - Fees	0	0
Prepayments and accrued income	<u>717</u>	<u>552</u>

Trade Debtors Fees is shown net of a £121,000 provision (2005-06 £125,000).

(See Note 4)

Prepayments and accrued income include suspense account balances of £476,653.

8.2 Amounts falling due after more than one year

	2006-07 £'000	2005-06 £'000
Prepayments and accrued income	<u>463</u>	<u>655</u>

9. Creditors

	2006-07 £'000	2005-06 £'000
Accruals and deferred income	464	2,304
Inter-Departmental balance	481	447
Consolidated Fund extra receipts due to be paid to the Department (see note 9.1)	3	34
Total Creditors	<u>948</u>	<u>2,785</u>

9.1 Consolidated Fund Extra Receipts

Consolidated Fund extra receipts of £2,947 are amounts recovered which are not authorised to be used to offset expenditure and are due to be paid to the Department.

10. Early Retirement Costs

The Agency had no voluntary early retirements under the terms of the Principal Civil Service Pension Scheme (Northern Ireland) in 2006-07 (2005-06 nil). There has been no charge to the Operating Cost Statement (2005-06 £nil).

11 Reconciliation of Movement in Reserves and Government Funding

11.1 General Fund

		2006-07 £'000	2005-06 £'000
	Note		
BALANCE AT 1 APRIL 2006		(348)	1,928
TRANSFERRED FROM OPERATING COST STATEMENT		(16,414)	(16,225)
NET CASH INFLOW FROM FINANCING 2006-2007	12.3	17,266	13,076
TRANSFER FROM REVALUATION RESERVE		73	70
NOTIONAL INTEREST	1.8	74	77
OTHER NON-CASH COSTS	3.2	768	726
BALANCE AT 31 MARCH 2007		<u>1,419</u>	<u>(348)</u>

11.2 Revaluation Reserve

	2006-07 £'000	2005-06 £'000
BALANCE AT 1 APRIL 2006	1,169	1,254
Arising on revaluation during the period	67	(48)
Charge for backlog depreciation	(28)	33
Transfer to General Fund	<u>(73)</u>	<u>(70)</u>
BALANCE AT 31 MARCH 2007	<u>1,135</u>	<u>1,169</u>

12. Analysis of Cash Flows

12.1 Non Cash Transactions

	2006-07 £'000	2005-06 £'000
Interest on Capital Employed	74	77
Depreciation	302	292
Notional Costs	768	726
Loss on Disposal of Assets	0	2
Impairment	<u>9</u>	<u>6</u>
	<u>1,153</u>	<u>1,103</u>

12.2 Movements in Working Capital other than Cash

	2006-07 £'000	2005-06 £'000
(Increase)/Decrease in debtors	27	197
Increase/(Decrease) in creditors	<u>(1,839)</u>	<u>2,178</u>
	<u>(1,812)</u>	<u>2,375</u>

12.3 Reconciliation of Financing

	2006-07 £'000	2005-06 £'000
DSD Resource Account	17,284	13,085
Accruing Resources	<u>(18)</u>	<u>(9)</u>
Net Cash Inflow from Financing	<u>17,266</u>	<u>13,076</u>

13. Operating Lease Commitments

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

	2006-07 £'000	2005-06 £'000
Land & Buildings		
Expiry within one year	0	0
Expiry within two to five years	0	0
Expiry thereafter	<u>333</u>	<u>331</u>
	<u>333</u>	<u>331</u>

14. Capital Commitments

There are no capital expenditure commitments at 31 March 2007 (2005-06 £nil)

15. Contingent Liabilities

From April 1995 some debt has been deferred and will not be recoverable from clients provided certain conditions have been met. This could result in the Agency taking over such debt from persons with care. The maximum potential liability at 31 March 2007 is £0.00 (2005-06 £9,000) subject to all cases meeting the criteria. To date only £199,000 (2005-06 £194,000) has been paid out, and as a result it is deemed too soon to predict with any accuracy, the amount which may be compensated and therefore no provision has been made in the accounts this year.

There are 3 Industrial Tribunal cases which are being dealt with as at the 31st March 2007 and the Agency may be liable to pay compensation depending on the decision made. The estimated potential liability is less than £8,500 (2005-06 £17,000).

There are 6 outstanding Health and Safety litigation cases as at 31 March 2007. The estimated potential liability is less than £35,000 (2005-06 £15,000).

16. Related Party Transactions

The Child Support Agency is an executive agency of the Department for Social Development (DSD).

The Department is regarded as a related party. During the year, the Child Support Agency has had a number of material transactions with the Department, and with other entities for which the Department is regarded as the parent department viz: Social Security Agency and Information Technology Group.

In addition the Child Support Agency has had a number of material transactions with other Government Departments and other central government bodies. Most of these transactions have been with the Department of Health and Social Services and Public Safety, Department of Finance and Personnel (NI) and the Department for Work and Pensions (GB).

None of the Board members, members of the key management staff or other related parties has undertaken any material transactions with the Child Support Agency during the year.

Client Funds Account 2006-07

Statement of Agency's and Chief Executive's Responsibilities

Under Section 11(2) of the Government Resources and Accounts Act (Northern Ireland) 2001 the Department of Finance and Personnel has directed the Child Support Agency to prepare a statement of accounts for the financial year ended 31 March 2007 in the form and on the basis set out in the Accounts Direction. The Client Funds Account is prepared on a cash basis and must properly present the receipts and payments for the financial year, and the balance at the year end.

The Accounting Officer for the Department for Social Development has designated the Chief Executive of the Northern Ireland Child Support Agency as Accounting Officer for the Agency. 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 Northern Ireland Child Support Agency's assets, are set out in the Accounting Officers' Memorandum issued by the Department of Finance and Personnel and published in "Government Accounting Northern Ireland".



M Quinn
Chief Executive
27 June 2007

Client Funds Account

Statement on Internal Control

1. Scope of Responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of Agency policies, aims and objectives, whilst safeguarding the public and client funds, and departmental assets for which I am personally responsible.

There are four key organisational elements which support the delivery of corporate governance in the Agency:

- Agency Board meetings, which cover operational issues, strategic issues and risks
- Agency Audit Committee
- Joint Standards Committee on Decision Making
- Operational Improvement Project meetings

I discuss the key risks to the delivery of the Child Support Agency's objectives with the Permanent Secretary of the Department for Social Development on a regular basis.

In addition to formal quarterly briefings sent to the Minister showing progress against targets and updates on the Operational Improvement Project, other updates are provided and meetings take place as and when required.

2. The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Agency policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Agency for the year ended 31 March 2007 and up to the date of approval of the Annual Report and Accounts, and accords with guidance issued by the Department of Finance and Personnel.

3. Capacity to handle risk

The Agency has established a Risk Management Framework, which covers all the processes involved in identifying, assessing and judging risks, assigning ownership, taking actions to mitigate or anticipate them, and monitoring and reviewing progress. This has been reinforced across the Agency with senior managers fully trained in this methodology. Risk identification is a fundamental part of the Agency planning process.

The Department for Social Development's Internal Audit, which operates to the Government Internal Audit Standards, uses the Agency's risk register to formulate its audit plan. This involves examining the risk management process in place to ensure it is effective and that it includes all of the key risks facing the Agency in achieving its corporate objectives. The Audit Committee meets three times a year to discuss the risk register and to review outstanding audit recommendations. These meetings provide a platform for exchanging information and sharing best practice. The Agency has been in the process of appointing an Independent Board Member to chair the Audit Committee, however, as this process has not materialised, an agreement has been reached whereby the Social Security Agency Chief Executive will take on responsibility for Chair of the Audit Committee as an interim measure. The Audit Committee considers progress against the Audit Plan, audit findings and the Head of Internal Audit's opinion on the adequacy and effectiveness of the system of internal control.

4. The risk and control framework

The Agency has revised the risk management process in line with the guidance set out in HM Treasury Orange Book. The Agency identifies, assesses, addresses and reviews risks at all levels within the Agency. All risks, once identified, are assigned to an owner who has responsibility for ensuring that the risk is managed and monitored over time. Risks recorded on the Agency Risk Register will be formally reviewed bi-monthly with additional assurance and challenge to the Register being provided by Internal Audit/Northern Ireland Audit Office. The following evidence demonstrates how the risk and control framework is embedded within the Agency:

- the Agency's Corporate Governance Framework, including;
 - Agency Board meetings deal with:
 - all matters of performance monitoring, manpower planning, resource allocation, accountability and governance
 - the development of strategy, business planning, quality improvement and innovation, including the financial, personnel and other resource implications of matters under discussion
 - the Northern Ireland/Eastern Area risk register and the Agency related risks from the Department for Social Development corporate risk register
 - Operational Improvement Project Board meetings which deal with performance monitoring against the plans, Operational Improvement Project risk register, and policy and legislation matters
 - Agency Audit Committee, which supports the Accounting Officer by monitoring and reviewing the risk, control and governance processes that have been established in the Agency, and the associated assurance processes. A number of independent guests (Head of Internal Audit and Northern Ireland Audit Office) are invited to the Agency Audit Committee
- Corporate Plan for 2007/08 that sets the Public Service Agreement objectives, and monthly monitoring against targets, capacity plans and ministerial targets;
- procedures for the identification, control and management of risks, including;
 - a risk register which is reviewed every 2 months,
 - the allocation of risk ownership,
 - embedding risk management across all activities, and
 - an assurance chain consisting of monthly assurance statements to me, underpinned by evidenced lower level management checks and performance data.
- the involvement of the Department for Social Development's Internal Audit which operates to Government Internal Audit Standards and which provide me with:
 - an annual audit plan based on the Agency's risk management process, including its risk register,
 - regular internal audit reports on individual areas of the business, and
 - an overall annual audit assurance report.

- an internal follow-up system, to ensure that internal and external audit recommendations are implemented;
- the setting of Agency financial targets and their dis-aggregation to lower management (via Resource co-ordinators);
- internal controls, including segregation of duties and controls over the operation of computer systems;
- compliance with specific regulations and procedures laid down either externally or centrally, including security, data protection, health and safety, government accounting and legal requirements;
- performance measurement using the balanced scorecard approach (in terms of customers, processes, organisational learning and growth, results);
- Joint Standards Committee which reports on the standard of decision-making and accuracy within the Agency;
- Reports published by the Independent Case Examiner (ICE), who provide an impartial complaints and resolution service for Agency customers;
- President of Appeals Service publications which report on the standard of decision-making in cases which have come before Appeal Tribunals;
- Documented procedures for key systems including the Child Support Guide (old rules) and Online Business Procedures (new rules); and
- documented procedures including the Finance Manual.

5. Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. This is informed by the work of the internal auditors and the executive managers within the Agency who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review by the Board and the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place. The Audit Committee meets three times a year to discuss outstanding audit recommendations regarding internal controls. The Audit Committee considers progress against the Audit Plan, audit findings and the Head of Internal Audit's opinion on the adequacy and effectiveness of the system of internal control. The Risk Register is reviewed and discussed by Agency Management on an ongoing basis.

In examining the effectiveness of the system of internal control, undoubtedly the main area on which I have to provide assurance centres around the assessment and collection of child maintenance, firstly in relation to the old scheme, and secondly in relation to the new scheme.

In relation to the old scheme, my review has highlighted that historic areas of weakness are still present. The complexity of the formula used to calculate maintenance assessments has led to many errors, which impact on receipts and outstanding debt balances. I also acknowledge the legacy of weaknesses of the Agency's Child Support Computer System (CSCS). These errors have been inherent since the inception of the Agency and the significant resources required are not available to resolve them. As well as this the system has an anticipated short future lifespan as the organisation moves forward with the redesign work.

In relation to the new scheme cases, it has been a difficult year across the entire Agency. A number of CS2 system issues

have prevented us progressing cases as quickly as had originally been anticipated. A continued programme of system fixes and enhancements has been agreed, and is being led by the Great Britain Agency. As a member of the Great Britain Programme Board, which meets on a monthly basis, I represent the Northern Ireland Agency interests. It is expected that these system fixes and enhancements will improve system stability and reliability. Following publication of Sir David Henshaw's report "Recovering Child Support: Routes to Responsibility", a White Paper entitled "A new system of Child Maintenance" was presented to Parliament on 13th December 2006. The White Paper outlines the future for child support including the creation of a new organisation in Great Britain which will offer a simplified and streamlined child maintenance assessment process, improved collection and enforcement processes and help parents to make the right child maintenance choices. New arrangements will include provision of information and guidance and remove the requirement that all parents with care claiming benefit are treated as applying for child maintenance. For Northern Ireland the longer-term policy and delivery arrangements for child support services is under consideration and awaiting political decisions.

6. Significant internal control problems

Internal Audit have informed me that there is "limited assurance" on the internal controls over the Client Funds Account for the year ended 31st March 2007. This is based on weaknesses noted by Internal Audit as a result of audits carried out within Post Maintenance Assessment, Debt Management, Enforcement, New Client Teams and Maintain Compliance. The main weaknesses continue to be those issues relating to CS2 system problems, non-availability of system generated checks, quality and non-completion of some management checks.

During the year, a programme of corrective action was undertaken, including implementation of internal and external audit recommendations. These recommendations are monitored by the Audit Committee.

Improved management information is now being obtained from CS2 and the Management Information Improvement Project. However, the operation of CS2 continues to cause the Agency problems, such as the number of workarounds it has to cope with and the lack of audit trail. Despite some improvements, the Agency is still not providing the service it aspires to. Although it is not possible for system checks to be generated from CSCS or CS2, as a workaround, the Agency uses other methods to select cases for checking. Agency staff are also reminded on an ongoing basis of the importance of and need for regular management checks.

To improve service delivery, the Great Britain Agency has developed an Operational Improvement Plan, which seeks to improve organisational performance and address many of the technical problems associated with CS2. The Northern Ireland Agency is taking the objectives of the Great Britain Operational Improvement Plan forward as part of a dedicated Operational Improvement Project.

Key aspects of the Operational Improvement Project have been implemented during this year. These include:

- restructuring of the organisation into lines of business to facilitate segmentation of processing;
- the use of information held by Credit Reference Agencies to enhance ability to trace non-resident parents;
- contracting out of the management of clerical cases to the private sector, allows the Agency to free-up and re-deploy staff to other areas of the business;
- setting up contractual arrangements with Debt Collection Agencies and carrying out preparation work on cases for the hand-over of debt to them;
- a new service level agreement with the Enforcement of Judgements Office to improve compliance with debt collection;
- introduction of a wider range of payment options including payment by credit or debit card.

I will continue to monitor actions and Internal Audit and Northern Ireland Audit Office recommendations to ensure that weaknesses identified are addressed.

In addition to the above the Agency will also be implementing the following measures to strengthen corporate governance and improve business performance during 2007/08:

- introduction of revised organisation structure and major IT system enhancement implementation
- a new Service Level Agreement with the office of the Director of Public Prosecutions for the handling of Child Support prosecution cases;
- a customer satisfaction survey for both the old and new scheme;
- the introduction of complex caseworkers to support those cases with more complex circumstances;
- the development of risk-profiling to enable the Agency to focus its efforts on those non-resident parents who are unlikely to pay;
- the contracting out of historical debt to external Debt Collection Agencies to improve compliance; and
- further development of the Debt strategy.

Although a separate Account and Statement on Internal Control is prepared in relation to Administration expenditure, the Statement on Internal Control for the Administration Account should be read in conjunction with this Statement.



M Quinn
Chief Executive
27 June 2007

NORTHERN IRELAND CHILD SUPPORT AGENCY

CLIENT FUNDS ACCOUNT

THE CERTIFICATE OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY

I certify that I have audited the Northern Ireland Child Support Agency Client Funds Account for the year ended 31 March 2007 under the Government Resources and Accounts Act (Northern Ireland) 2001. The account comprises the Receipts and Payments Account, the Statement of Balances and the related notes. This account has been prepared on a cash basis and in the form directed by the Department of Finance and Personnel.

Respective responsibilities of the Agency, the Chief Executive and auditor

The Agency and Chief Executive are responsible for the account in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and the Department of Finance and Personnel directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Agency's and Chief Executive's Responsibilities.

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

I report to you my opinion as to whether the account properly presents the receipts and payments and whether the account has been properly prepared in accordance with the Department of Finance and Personnel directions issued under the Government Resources and Accounts Act (Northern Ireland) 2001. I also report whether in all material respects the financial transactions conform to the authorities which govern them. In addition, I report to you if the Agency has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

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

Basis of audit opinion

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

I planned my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the account is free from material misstatement, whether caused by fraud or error, and that in all material respects the financial transactions conform to the authorities which govern them. As explained in paragraphs 5 to 7 of my report, my audit examination of debt balances was limited due to insufficient evidence to substantiate the level of debt included within Note 6.1 to the account and to confirm the accuracy of these debt balances. In consequence, I was unable to carry out auditing procedures necessary to obtain sufficient appropriate audit evidence on the amounts and disclosures included in the account. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the account.

Opinions

Qualified opinion arising from limitation in audit scope

Except for any adjustments that might have been found to be necessary had I been able to obtain sufficient evidence concerning the debt balances in Note 6.1 to the account, in my opinion:

- the account properly presents the receipts and payments for the year ended 31 March 2007 and the balances at that date; and
- the account has been properly prepared in accordance with Department of Finance and Personnel directions issued under the Government Resources and Accounts Act (Northern Ireland) 2001.

In respect of the limitations on my work relating to the debt balances:

- I was unable to determine whether the Agency maintained proper accounting records; and
- I have not obtained all the information and explanations that I considered necessary for the purposes of my audit.

Qualified opinion on regularity

Except for the maintenance assessments calculated in error, in my opinion, in all material respects, the financial transactions conform to the authorities which govern them.

Details of these matters are set out in my report.



JM Dowdall CB
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
Belfast
29 June 2007

“The maintenance and integrity of the Child Support Agency’s website is the responsibility of the Accounting Officer; the work carried out by the auditors does not involve consideration of these matters and accordingly the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.”

Client Funds Account

Receipts and Payments Account for the year ended 31 March 2007

	Note	2006/07 £'000	2005/06 £'000
Receipts	2	13,326	13,174
Bank Interest	3	<u>26</u>	<u>20</u>
		13,352	13,194
Less Payments to :			
persons with care		9,990	9,786
the Department		2,799	2,859
Great Britain Child Support Agency		16	179
non-resident parents		<u>420</u>	<u>338</u>
Total payments		13,225	13,162
Net receipts		127	32
Balance as at 1 April 2006		439	407
Balance as at 31 March 2007	4	<u>566</u>	<u>439</u>

Statement of Balances at 31 March 2007

	Note	2006/07 £'000	2005/06 £'000
Funds awaiting clearance	4	142	165
Cleared funds awaiting distribution	4	<u>424</u>	<u>274</u>
Balance on bank account		566	439

The notes on pages 61 to 66 form part of these accounts.



M Quinn
Chief Executive
27 June 2007

Notes To The Account

1. Accounting Basis

This account has been prepared on a cash basis and in the form directed by the Department of Finance and Personnel.

2. Receipts from Clients

Receipts from clients relate to child maintenance and fees collected by the Agency for payment, respectively, to Persons With Care of children or to the Department (maintenance) and to the Agency (fees).

The maintenance received quoted in the Client Funds Receipts and Payments Account is different from the receipts total shown in movements on amounts and balances outstanding (see Note 6.1). This is due, for example, to timing differences and the exclusion of non-maintenance receipts in the amounts shown in the notes.

Money is also received from the Department to refund Non-Resident Parents in cases where an overpayment has been made, and the amount is irrecoverable. This totalled £212,000 (2005/06 - £148,000) and is disclosed in Note 3.1 to the Administration Account.

3. Interest Received and Paid

The Agency receives interest on balances deposited in the Client Funds bank account. Persons With Care or Non-Resident Parents may, in specific circumstances, be entitled to receive interest payments when the Agency, through its own fault, has delayed paying over maintenance received/refunds. Of the £25,623 (2005/06: £20,364) interest received, £823 (2005/06: £879) was paid to Persons With Care/Non-Resident Parents. The balance of £24,800 (2005/06: £19,485) was paid to the Department.

4. Balances on the Client Funds Account

The balances relate to sums collected and interest received which had not been paid over at year end.

5. Amounts Outstanding at 31 March 2007

5.1 Under the Accounts Direction issued by the Department of Finance and Personnel the Agency is required to disclose the balances outstanding from Non-Resident Parents under maintenance assessments at the year end, together with movements in the balances outstanding between the beginning and end of the year.

5.2 There are four types of maintenance assessments:

- full maintenance assessments – where the old rules apply and both the person with care and the non-resident parent provide the Agency with all the information requested;
- interim maintenance assessments – where the old rules apply and the Agency is unable to obtain sufficient information to make a full maintenance assessment;
- maintenance calculation – where the new rules apply and both the person with care and the non-resident parent provide the Agency with all the information requested;
- default maintenance decision – where the new rules apply and the Agency is unable to obtain sufficient information to make a maintenance calculation.

5.3 The majority of interim maintenance assessments are set at punitive rates to encourage compliance and take no account of Non-Resident Parent's ability to pay. Experience to date has shown that most of the amounts outstanding under this type of assessment are unlikely to be collectable.

-
- 5.4 Where the Agency is in contact with a Non-Resident Parent, for whom an interim maintenance assessment or default maintenance decision has been imposed, a proportion of the amount outstanding may prove collectable. This is particularly likely where the Non-Resident Parent is co-operating and the Agency is able to replace the interim maintenance assessment with a full maintenance assessment or the default maintenance decision with a maintenance calculation.

Where an interim maintenance assessment has been imposed on or after 18 April 1995, the subsequent full maintenance assessment will be back dated and will replace the interim maintenance assessment. Any amounts collected under the interim maintenance assessment will be offset against the full maintenance assessment debt due.

- 5.5 A default maintenance decision is calculated from a weekly average wage and is not set at punitive rates.

Collectability of Amounts Outstanding

- 5.6 The Agency undertook a debt analysis exercise to establish the collectability of debt outstanding as at 31 March 2007. This analysis established three categories for the total debt i.e. collectable, possibly uncollectable and probably uncollectable. Similar debt analysis exercises have been undertaken in previous years. The results of the debt analysis exercise are shown in Note 6.4.

Collectable

Amount outstanding which the debt analysis exercise revealed is likely to be collected. This takes in to account factors such as regular contact with the Non-Resident Parent, where regular payments are being made or an arrears agreement has been set up.

Possibly uncollectable

Amount outstanding which the debt analysis exercise revealed some uncertainty over whether it will be collected. The amounts are considered doubtful where, for example, payments have been infrequent or it has not been possible to establish an arrears agreement or impose a Deduction of Earnings Order. Some of the possibly uncollectable amounts have been written down in year. A provision has been calculated, assessing the difficulty of collecting each element of the debt. Where it is likely to be difficult to collect, due for example to unsuccessful attempts to trace a client for over two years, a proportion of these amounts has been provided for.

Probably uncollectable

Amount outstanding which the debt analysis exercise revealed is likely to be very difficult to collect due, for example, to the lack of contact with, or the personal circumstances of, the Non-Resident Parent. In many of these cases the Agency has suspended recovery action until such time as the individuals' circumstances change.

The probably uncollectable amounts have been provided for in year.

- 5.7 The amounts outstanding on individual cases remain and continue to be due in full. The Agency will continue to consider any new facts brought to its attention regarding collectability and has not waived its discretion to take action in the future to collect any amount outstanding which becomes collectable.

6.1 Debt balances as at 31 March 2007

	Maintenance Calculation/Full Maintenance Assessments			Default Maintenance Decision/Interim Maintenance Assessments			Consolidated Debt Position		
	New scheme	Old scheme	Total	New scheme	Old scheme	Total	New Scheme	Old scheme	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Opening debt balances on:									
CSCS system	-	28,350	28,350	-	13,703		-	42,053	42,053
CS2 system	5,173	6,787	11,960	445	4,188	13,703	5,618	10,975	16,593
Balance as at 1 April 2006	5,173	35,137	40,310	445	17,891	4,633	5,618	53,028	58,646
Amounts due on:									
CSCS system	-	7,513	7,513	-	-1,286	-1,286	-	6,227	6,227
CS2 system	7,814	7,122	14,936	311	3,583	3,894	8,125	10,705	18,830
Gross Debt	12,987	49,772	62,759	756	20,188		13,743	69,960	83,703
Less:									
Maintenance Receipts	-4,400	-8,004	-12,404	-38	-250	-288	-4,438	-8,254	-12,692
Agency payments of deferred debt	-	-5	-5	-	-	-	-	-5	-5
Headline Debt	8,587	41,763	50,350	718	19,938		9,305	61,701	71,006
Less: Provision for probably uncollectable from launch including in year movements	-1,416	-23,513	-24,929	-388	-12,685		-1,804	-36,198	-38,002
Less: Provision for possibly uncollectable from launch including in year movements	-385	-1,551	-1,936	-32	-1,168	-1,200	-417	-2,719	-3,136
Debt as at 31 March 2007	6,786	16,699	23,485	298	6,085	6,383	7,084	22,784	29,868

6.2 Debt Balances as at 31 March 2006

	Maintenance Calculation/Full Maintenance Assessments			Default Maintenance Decision/Interim Maintenance Assessments			Consolidated Debt Position		
	New scheme	Old scheme	Total	New scheme	Old scheme	Total	New Scheme	Old scheme	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Opening debt balances on:									
CSCS system	-	26,597	26,597	-	16,083	16,083	-	42,680	42,680
CS2 system	2,647	4,554	7,201	197	2,900	3,097	2,844	7,454	10,298
Balance as at 1 April 2005	2,647	31,151	33,798	197	18,983	19,180	2,844	50,134	52,978
Reclassification of prior year debt	-	1,451	1,451	-	-1,451	-1,451	-	-	-
Revised Opening balance	2,647	32,602	35,249	197	17,532	17,729	2,844	50,134	52,978
Amounts due on:									
CSCS system	0	7,961	7,961	0	-683	-683	0	7,278	7,278
CS2 system	5,773	3,612	9,385	258	1,310	1,568	6,031	4,922	10,953
Gross Debt	8,420	44,175	52,595	455	18,159	18,614	8,875	62,334	71,209
Less:									
Maintenance Receipts	-3,247	-9,033	-12,280	-10	-268	-278	-3,257	-9,301	-12,558
Agency payments of deferred debt	-	-5	-5	-	-	-	-	-5	-5
Headline Debt	5,173	35,137	40,310	445	17,891	18,336	5,618	53,028	58,646
Less: Provision for probably uncollectable from launch including in year movements	-666	-19,024	-19,690	-143	-10,116	-10,259	-809	-29,140	-29,949
Less: Provision for possibly uncollectable from launch including in year movements	-237	-1,189	-1,426	-28	-940	-968	-265	-2,129	-2,394
Debt as at 31 March 2006	4,270	14,924	19,194	274	6,835	7,109	4,544	21,759	26,303

6.3 The following notes explain movement from the Gross Debt position to Reported Debt.

(i) Gross Debt

Gross debt is the total debt managed by the Agency and is made up of:

- initial amounts comprising of all money due from the date the maintenance enquiry form is issued until the assessment is made for old scheme cases;
- movements in outstanding debt balances. The movements include amounts that have:
 - migrated from the Child Support Computer System (CSCS) to the new computer system, CS2;
 - amounts previously classified as interim maintenance assessments;
 - outstanding maintenance transferred to and from the Child Support Agency Northern Ireland.
- And reduced by adjustments arising from cancelled or terminated assessments or where the liability has been reduced, for example because there has been a direct payment between parties which is offset against the maintenance due.

The opening balances show the gross debt position as at 1st April 2006.

Included within the gross debt balance of £83.7m at 31st March 2007, is an adjustment of £5.3m in respect of previous years migrated suspended debt.

(ii) Headline Debt

The Headline Debt figure is the amount of debt carried by the Agency after receipts of maintenance and deferred debt have been deducted.

From April 1995 the Agency has been able to defer some debt indefinitely, provided non-resident parents meet certain conditions on payment of regular maintenance and the remaining debt outstanding. In these cases, the Agency can settle the deferred debts with the persons with care out of money provided by the Exchequer and take over the ownership of the remaining debts. During 2006/07 the Agency paid £5,000 (2004/05: £5,000). These payments are referred to at Note 15 to the Administration Accounts and are accounted for on an accruals basis.

(iii) Provisions

The Agency has reviewed the debt balances through the debt analysis exercise. In line with current accounting practice, provisions have been calculated against the elements of debt, which are not deemed to be collectable, and the amounts have been included in Note 6.1 as a provision (2006/07 £38m and 2005/06 £30m).

In these accounts a provision against possibly uncollectable debt has been included. However the Agency has determined that part of this possibly uncollectable debt is not collectable and an additional amount has been included in Note 6.1 (2006/07 £3.1m and 2005/06 £2.4m).

The amounts in these provisions are excluded from the year end debt balance, but continue to be due in full.

Included within the provision for probably uncollectable debt of £38.0m at 31st March 2007, is an adjustment of £5.2m in respect of previous years migrated suspended debt.

(iv) **Debt balance**

The debt balance is the position as at 31 March 2007 and is an assessment of the collectability of the debt due to the Agency.

6.4 Analysis of Collectability of balances outstanding (see Note 5.6)

Analysis of Debt		Old Scheme		New Scheme	
		31 March 2007	31 March 2006	31 March 2007	31 March 2006
Collectable	Value of Debt % of debt	£11.5m 50%	£12.3m 56%	£3.5m 50%	£2.3m 51%
Possibly uncollectable	Value of Debt % of debt	£11.2m 49%	£9.4m 43%	£3.5m 50%	£2.2m 49%
Other Debt Movements	Value of Debt % of debt	£0.1m 1%	£0.1m 1%	- -	- -
Total debt		£22.8m	£21.8m	£7.0m	£4.5m

Appendix 1

NORTHERN IRELAND CHILD SUPPORT AGENCY CLIENT FUNDS ACCOUNT 2006-07 **Report by the Comptroller and Auditor General**

Audit Opinion

1. I have qualified my opinion on the Account on the basis that the scope of my audit was limited because of insufficient evidence to support the accuracy and completeness of the debt balances that total £71 million. The legacy of mis-statement resulting from material levels of error identified in previous years also continues to impact on the accuracy of debt. I have also qualified my regularity opinion as I do not consider the financial transactions conform to the authorities which govern them where the maintenance assessments contributing to the debt balances have been calculated incorrectly.
2. Under the Government Resources and Accounts Act (Northern Ireland) 2001 I am required to examine and certify the Northern Ireland Child Support Agency Client Funds Account. This report provides a summary of the significant matters arising from my examination and resulting qualification of the 2006-07 account.

Basis of Qualified Audit Opinion

3. The Northern Ireland Child Support Agency's Client Funds Account is prepared on a cash basis and shows the amounts received by the Agency from non-resident parents, the maintenance subsequently paid over to persons with care and the sums paid to the Department for Social Development, where persons with care are receiving a social security benefit. A note to the accounts discloses amounts outstanding from non-resident parents [Note 6.1].
4. In 2006-07 the Agency received £13.3 million from non-resident parents and made payments of £9.9 million to parents with care. In addition, £2.8 million was transferred to the Department for Social Development where persons with care were in receipt of benefit.
5. My opinion on the Child Support Agency's Client Funds Account 2006-07 has been qualified for the following reasons:
 - The absence of adequate documentation to support the level of debt included within the Account; and
 - Limited evidence available to me to confirm the accuracy of the maintenance assessments made by the Agency which form the basis of the debt balances.

I will explain these issues further in the following paragraphs.

Absence of adequate support documentation

6. The Agency maintains accounting records on the Child Support Computer system (CSCS) and on the Child Support 2 (CS2) system. The maintenance outstanding at 31 March 2007 disclosed in Note 6.1 to the Client Funds account is derived from the balances from these two systems, in conjunction with a series of complex manual workarounds. The Agency is unable to produce a list of total debt on a case by case basis from the underlying computer systems. Furthermore, the workarounds result in adjustments being made to the outstanding debt balances in total rather than by individual debt amounts. In the absence of a satisfactory audit trail, my examination of debt balances was severely limited therefore I conclude that there is a significant uncertainty over the accuracy and completeness of the debt balances reported in the accounts. Consequently I have qualified my audit opinion on the basis that the scope of my audit was limited in this regard. It is my understanding that the Great Britain Child Support Agency has developed a debt book for the Agency. I asked the Agency to comment. The Agency has indicated that work is currently ongoing in Great Britain to reconcile the Great Britain debt book to the general ledger and a similar reconciliation is planned for the Agency's debt book. The Agency told me that in the meantime caselists are used to identify individual cases within specific debt bands.

Accuracy of maintenance assessments

7. The accuracy of the calculation of a maintenance assessment for child support is a key element in the process as the assessment forms the basis of the payments made by non-resident parents to persons with care and also the calculation of the amount due where a debt builds up. Over the past number of years I have qualified the Child Support Agency Client Funds Account as a result of the extent of the errors my staff found when they sampled a number of cases

assessed by the Agency. The errors found in my testing in previous years and the fact that the Agency is unable to prove to me that the assessments made in previous years and recorded as a balance due, have been reviewed and corrected have led me to conclude that the level of error within the system is still material. However my staff did test a smaller sample of debt balances this year simply as means of assessing the percentage rate of error per case without estimating the value of error. My staff examined 30 cases and found 11 had errors indicating an overall case error rate of 37% (2005-06 36%). It is therefore my opinion that the level of error within assessments continues to be unacceptable. I asked the Agency to comment on these levels of error. The Agency has told me that the methodology used to assess accuracy by NIAO and the Agency continues to differ as it has since 2001-02. The Agency calculates accuracy based on the cash value accuracy of the last assessment. A total of 366 cases were checked by the Agency's Case Monitoring Team in year and a cash value accuracy of 98% was reported. The Agency has reported Cash Value accuracy of 91% (2004-05), 97% (2005-06) and 98% (2006-07). The Agency has commented that it believes the NIAO findings reflect the position with regard to the legacy of historic errors. The Agency told me it continues to focus on accuracy in its day-to-day business and with the continued implementation of its Operational Improvement project the focus on improving accuracy will continue.

Debt levels

8. The Agency is not allowed to write off debt under the provisions of current legislation. Consequently the gross debt outstanding has continued to accumulate since the Agency's inception in 1993. At 31st March 2007 the gross debt outstanding totalled £71 million before taking account of the provision for bad and doubtful debt that the Agency has estimated to be £41.1 million. This leaves a balance of £29.9 million as collectable debt.
9. I continue to be concerned at the rising levels of debt in the Agency. The level of collectable debt in the Agency was £29.9 million at 31st March 2007 and £26.3 million at 31st March 2006. In addition there is a further £41.1 million debt due at the 31st March 2007 that is deemed probably and possibly uncollectable (£32.3 million at 31st March 2006). It is clear then that total debt due from non-resident parents (£71 million) is increasing rather than decreasing and now represents almost 5.3 years receipts (4.5 years in 2005-06) in the Agency. Despite the encouragement in my report last year I am disappointed to note that the Agency's Annual Report still does not include a debt reduction target for 2006-07. I note however that the Agency's Operational Improvement Project Plan includes many new initiatives aimed at improving debt enforcement and reducing the level of debt. The Agency told me that the Ministerial target for collections for 2007-08 will include a monetary amount of arrears to be collected during the year (£1.5 million in 2007-08) and the Agency will source enhanced management information to identify relevant debt streams and target resources in the most appropriate manner. The Agency also told me that ongoing initiatives introduced through the continuing implementation of the Operational Improvement Project, such as the contracting out of debt to debt collection agencies and the continued improvement in enforcement processes will provide additional opportunities to enhance the amount of debt collected by the Agency. The Agency considers that good progress has been made in establishing contractual arrangements with debt collection agencies with the first Northern Ireland case referrals to be made in June/July 2007. I will continue to monitor the levels of debt as the Operational Improvement Project is rolled out over the next two years.

Costs of Collection

10. The Agency has collected £13.3 million in receipts from non-resident parents in 2006-07 at a cost of £16.4 million to the Agency. This represents a cost of £1.23 to the taxpayer for every £1 collected from non-resident parents. The Agency should consider whether this represents value for money and seek ways to reduce this cost of collection ratio. The Agency has told me the £13.3 million represents receipts into the Agency and that it also arranges for maintenance to be paid directly from non resident parents to parents with care, this amounted to £5.4m in 2006-07 bringing the total maintenance collected and arranged to £18.7m. The Agency pointed out that the revised cost of collection including the amounts arranged by the Agency represents a cost of 88 pence for every £1 collected and arranged. The Agency indicated that it will continue to encourage maintenance direct arrangements between parents and has also set a cost of collection improvement target for 2007-08. I will report on the cost of collection achieved by the Agency next year.

The Way Forward

11. In my previous report I indicated that the Child Support Reforms introduced in March 2003 had failed to deliver the expected improvements and that Government had announced a thorough review of the Great Britain Child Support Agency's operations. This review culminated initially in the production of the GB Operational Improvement Plan to stabilise and improve performance in the short term; and then building on recommendations arising out of Sir David Henshaw re-design project, the Government published the White Paper "A new system of child maintenance" in December 2006 that proposed radical changes for the long term policy and delivery arrangements for child maintenance in Great Britain including the creation of a new organisation. These new arrangements are for a simpler system that enables and encourages parents to make their own arrangements; more support for parents who need help in arranging child maintenance; and a smaller but more effective child support system.
12. The Northern Ireland Agency has considered the developments that have taken place in Great Britain and remain in close contact with the GB Agency. In view of the common aims with Great Britain, the Agency produced and commenced the implementation of its own Operational Improvement Project that has been modelled on the Great Britain Operational Improvement Plan. Regarding the Henshaw re-design proposals the future of the Northern Ireland Agency will be a decision for the newly re-formed Northern Ireland Assembly. In the meantime the Agency has indicated to me that it intends to carry on with the implementation of the Operational Improvement Project as planned and is actively progressing arrangements to work with the new Great Britain organisation in the future.
13. The three-year Operational Improvement Project aims to address some of the problems that still beset the Agency and result in the qualification, although I recognise that the Agency is dependent upon Great Britain Child Support Agency for any improvements in the information technology services. I will monitor with interest what the future holds for the Agency and will continue to review the issues outlined within this report and report further next year.



J M DOWDALL CB
Comptroller and Auditor General
29 June 2007

Northern Ireland Audit Office
106 University Street
BELFAST BT7 1EU







**CHILD
SUPPORT**
a g e n c y



Northern Ireland Child Support Agency
Great Northern Tower
17 Great Victoria Street,
Belfast, BT2 7AD
Tel (028) 9089 6666
www.dsdni.gov.uk/index/csa