

Northern Ireland Audit Office

coverage of

The Executive Office



Northern Ireland
Audit Office

Introduction

The Northern Ireland Audit Office (NIAO) is a public sector body that is totally independent of government. We help the Northern Ireland Assembly hold the Executive to account for the way it spends public money. We do this by auditing the finances of public bodies and scrutinising public spending to assess facts and value for the taxpayer, providing insights into how well public services are being delivered. More information on the roles and responsibilities of both the Comptroller and Auditor General (C&AG) and the NIAO can be found on our [website](#).

The NIAO carries out a number of functions:

Financial Audit: representing around 70 per cent of our core business, each year we conduct a programme of audits on some 150 public bodies.

Public Reporting: while the NIAO does not question the merits of government policies, we seek to promote better value for money through independent, evidence-based examinations. We then produce reports to the Assembly which highlight and demonstrate ways in which audited bodies can make improvements. These reports take account of single and cross-cutting themes and public sector priorities.

Good Practice: our Good Practice Guides highlight and encourage public bodies to improve their performance in achieving value for money and implementing policy.

Raising Concerns and Counter Fraud: we provide support and guidance to public sector organisations, and coordinate the National Fraud Initiative data matching exercise in Northern Ireland. We also process concerns raised by MLAs, public sector employees and citizens regarding the use of public money.

This document provides a brief outline of the recent work of the NIAO specific to **The Executive Office (TEO)**.

If you would like to know more about the NIAO work on TEO please contact:



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The Executive Office (TEO) – background

The Executive Office (TEO), previously the Office of the First Minister and Deputy First Minister (OFMDFM), was established in May 2016, following the restructuring of the Northern Ireland departments.

The First Minister, Ms Michelle O’Neill and deputy First Minister, Mrs Emma Little-Pengelly, supported by the Junior Ministers, Ms Aisling Reilly and Mrs Pam Cameron, have overall political responsibility and accountability for all the Department’s activities. They set the strategic policy and resources framework for the Department.

The Head of the Northern Ireland Civil Service (NICS) is Jayne Brady. David Malcolm is the Interim Permanent Secretary for TEO. TEO is managed by the Departmental Board which is made up of senior staff and independent members.

The overall aim of TEO is to contribute to and oversee the co-ordination of Executive policies and programmes to deliver a peaceful, fair, equal and prosperous society. In pursuing this aim, the key interlinked objectives of the Department are:

- Driving investment and sustainable development: Through regeneration of strategic former military sites; promoting effective long-term capital planning and delivery; and promoting the Executive’s policy interests internationally.
- Tackling Disadvantage and Promoting Equality of Opportunity: By driving a programme across government to reduce poverty; promoting and protecting the interests of children, older people, people with disabilities, victims and survivors, and other socially excluded groups; addressing inequality and disadvantage; and drive the delivery of government responsibilities in a sustainable manner.
- The effective operation of the institutions of government in the delivery of an agreed Programme for Government: By providing a central source of information, co-ordination and advice to departments on Executive, Assembly, and legislative procedures; co-ordinating and reviewing the Programme for Government; driving the more efficient and sustainable use of capital assets across government; and ensuring the structure of public administration is efficient, effective and sustainable.

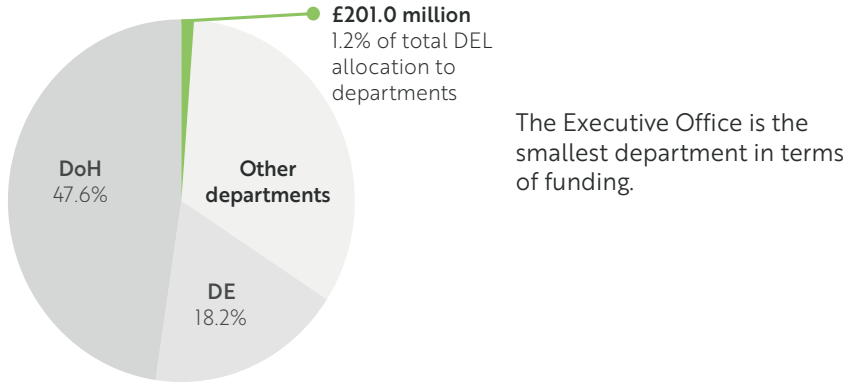
TEO is structured into six directorates:

- The Office of the Legislative Counsel;
- Ending Violence Against Women and Girls;
- Executive Support;
- Inter-governmental and International Relations;
- Covid Recovery, Civil Contingencies and Programme for Government; and
- Good Relations and Inclusion.

The Executive Office (TEO) funding

Figure 1 provides an overview of the Department’s Departmental Expenditure Limit (DEL) funding relative to all departments. It also shows the split between Resource and Capital DEL as well as how they are allocated to various spending areas and objectives.

Figure 1. Overview of the DEL funding allocation for The Executive Office



The vast majority of the Department’s funding relates to Resource DEL.



Most of the Department’s funding is used to support the Executive.

SPENDING AREA	RESOURCE DEL	CAPITAL DEL	TOTAL
Executive Support	£164.9m	£17.8m	£182.7m
Good Relations	£16.0m	£-	£16.0m
Attorney General for Northern Ireland	£1.5m	£1-	£1.5m
North-South Ministerial Council	£0.8m	£-	£0.8m
TOTAL	£183.2m	£17.8m	£201.0m

Source: 2024-25 Budget Document, Department of Finance

Bodies for which TEO has responsibility for sponsorship and oversight

Entities

- Core Department
- Office of the Commissioner for Public Appointments for Northern Ireland
- Office of the Attorney General for Northern Ireland
- North South Ministerial Council
- Historical Institutional Abuse Redress Board

Non-Departmental Public Bodies

- Commission for Victims and Survivors for Northern Ireland
- Commissioner for Survivors of Institutional Childhood Abuse
- Equality Commission for Northern Ireland
- Maze Long Kesh Development Corporation
- Northern Ireland Community Relations Council
- Northern Ireland Judicial Appointments Commission
- Victims and Survivors Service Limited
- Strategic Investment Board Limited



Financial Audit Update

The Comptroller and Auditor General (C&AG) for Northern Ireland is the external auditor for The Executive Office (TEO). Each year the NIAO conducts a programme of audits on the financial statements of TEO and its non-departmental public bodies (NDPBs). The C&AG is required, under the Government Resources and Accounts Act (Northern Ireland) 2001, to report her opinion as to whether the financial statements give a true and fair view. She is also required to satisfy herself that, in all material respects, expenditure and income have been applied to the purposes intended by the Northern Ireland Assembly and conform to the authorities which govern them; that is, they are 'regular'.

The C&AG reports the results of her financial audit work to the Northern Ireland Assembly. From time to time, she may also produce stand-alone reports that are published as Assembly documents. Since 2020, the C&AG has issued two qualified audit opinions on TEO. On these occasions, and a number of other occasions, the C&AG also published a report attached to the accounts on the reasons for the qualified audit opinions and other matters. A summary of the reason for the qualifications and reports are outlined below.

2023-2024

The C&AG issued a qualified audit opinion for the 2023-24 accounts. The "true and Fair" opinion was qualified due to the inclusion of Financial Transaction Capital loans as financial assets within TEO's financial statements. These loans are included in TEO's financial statements as the result of a direction issued by the Department of Finance. However, the loans do not meet the recognition criteria for a financial asset of TEO under both the International Financial Reporting Standards and the Government Financial Reporting Manual accounting requirements. As a result of the application of the Department of Finance's direction, TEO's assets at 31 March 2023 are overstated by £303 million (2022-23: £297 million).

In addition to the reasons for the qualification, the C&AG also reported upon irregular expenditure incurred by TEO in 2023-24. TEO has incurred expenditure on urgent preparatory work associated with the strategy on Ending Violence Against Women and Girls without Department of Finance business case approval. A total of £3.4 million had been spent on this programme as at 31 March 2024, of which £1.6 million had been incurred in 2023-24. The C&AG expressed concerns regarding the length of time it has taken the Department to prepare a business case for this, and other programmes, and on the number of occasions that the Department has had to seek retrospective approval from the Department of Finance to regularise expenditure.

2022-23 TEO Resource Accounts

The C&AG issued a qualified audit opinion for the 2022-23 accounts. The “true and Fair” opinion was qualified due to the inclusion of Financial Transaction Capital loans as financial assets within TEO’s financial statements. These loans are included in TEO’s financial statements as the result of a direction issued by the Department of Finance. However, the loans do not meet the recognition criteria for a financial asset of TEO under both the International Financial Reporting Standards and the Government Financial Reporting Manual accounting requirements. As a result of the application of the Department of Finance’s direction, TEO’s assets at 31 March 2023 are overstated by £297 million (2021-22: £244 million).

In addition to the reasons for the qualification, the C&AG also reported upon irregular expenditure incurred by TEO in 2022-23. TEO incurred expenditure on urgent preparatory work associated with the strategy on Ending Violence Against Women and Girls (EVAWG) and the Truth Recovery Programme (TRP) without Department of Finance business case approval. Expenditure, including staff costs, was £2.2 million in respect of EVAWG and £1.1 million in respect of the TRP. The C&AG also reported that there were two instances where expenditure incurred by TEO in 2022-23 required retrospective approval from the Department of Finance to regularise the expenditure.

2021-22 TEO Resource Accounts

The C&AG issued an unqualified audit opinion with modification for the 2021-22 accounts. The opinion included an Emphasis of Matter in relation to the material estimation uncertainties in the provision for a Redress scheme to compensate survivors of Historic Institutional Abuse. No report to accompany the audit opinion was required.

2020-21 TEO Resource Accounts

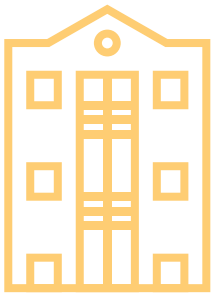
Although TEO’s 2020-21 accounts were not qualified, the C&AG issued a report on the accounting treatment of the Historical Institutional Abuse (HIA) and Victims’ Payments schemes. The C&AG welcomed TEO’s attempt to provide a reliable estimate for the HIA liability, however the estimate was based on a number of assumptions for which there was a lack of sufficient supporting evidence. Therefore, TEO was unable to provide a reliable estimate for the HIA payment scheme for a second year and the obligation was again treated as a contingent liability.



Public Reporting

The NIAO produces a Public Reporting Programme, outlining the C&AG's priority public reporting work to be progressed. The Programme examines economy, efficiency and effectiveness in the delivery of services and aims to provide elected representatives, decision makers and citizens with information and assurance about how well public services are operated and public money is spent. The [Public Reporting Programme](#) can be found on our website.

No public reports relating to TEO are due to be published in 2024-25.



Previous Public Reporting coverage in TEO

An overview and main findings from a selection of NIAO reports on department and its arm's length bodies since 2018 are outlined below.

The Social Investment Fund (Published in November 2018)

This report examined the structure and governance arrangements of the Social Investment Fund. The report also considers the management and delivery of projects and the outcomes being achieved by the Fund to date.

The key findings include:

- Project selection and prioritisation of projects were inconsistent and lacked transparency.
- Governance arrangements were weak in some areas: guidance was provided at a late stage leading to inconsistencies in decision making; steering group meeting minutes lacked detail around agreements on funding allocations and prioritisations; conflicts of interest were not a key consideration in planning; and guidance provided on the area was inadequate.
- Planning delivery was extended by five years to an eight-year period and the budget increased by over £13 million.

The NIAO has also published several cross-cutting reports, including:

- [Budgeting and Accountability \(May 2024\)](#)
- [Major Capital Projects \(February 2024\)](#)
- [Comptroller and Auditor General's Report on Financial Audit Findings 2023 \(December 2023\)](#)
- [Approaches to achieving net zero across the UK \(September 2023\)](#)
- [Ministerial Directions in Northern Ireland \(April 2023\)](#)
- [The NI Budget Process \(June 2021\)](#)
- [Broadband Investment in Northern Ireland \(June 2021\)](#)
- [Managing Attendance in Central and Local Government \(November 2020\)](#)
- [Capacity and Capability in the Northern Ireland Civil Service \(November 2020\)](#)
- Overview of the Northern Ireland Executive's response to the COVID-19 pandemic ([July 2023](#), [June 2021](#) and [September 2020](#))

Copies of all our reports can be found in the [Publications section](#) of our website.



Good Practice guides

We have compiled a number of good practice guides over recent years covering a range of topics highlighting and encouraging public bodies to improve their performance in achieving value for money, implementing policy and suggesting ways in which public services could be improved.

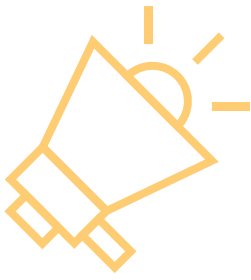
Copies of our good practice guides can be found in the [Publications section](#) of our website.

Recent NIAO Good Practice Guides have covered topics including:

 Board Effectiveness	 Grant Fraud
 Local Government Asset Management Financial Reporting	 School Governance
 Risk Management	 Planning Fraud

Topics planned for future good practice guides include:

 Audit Committee Effectiveness	 Cyber Security
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Counter Fraud Activity

The C&AG maintains a small Counter Fraud Unit which records and monitors notified frauds, and provides fraud-related advice and guidance, both internally and to the wider public sector, to help organisations strengthen their controls and minimise fraud risks. The Unit also co-ordinates the National Fraud Initiative (NFI) in Northern Ireland and is the first point of contact for third parties wishing to raise public interest concerns with the C&AG or Local Government Auditor.

Reporting Fraud

Managing Public Money Northern Ireland requires all NICS departments to report immediately to the C&AG (and to the Department of Finance) all proven, suspected and attempted frauds affecting them or the ALBs sponsored by them. The NIAO monitors these returns and liaises with the audited bodies to ensure that any fraud risks identified are properly addressed, for example through the introduction of additional controls.

National Fraud Initiative (NFI)

All NICS departments participate in the NFI, a UK-wide data matching exercise run every two years. To date, NFI exercises in Northern Ireland have resulted in actual and estimated savings of almost £48 million.

The overall results for NI are published every two years in the regional NFI reports which are available on our [website](#).

The NFI is not reported at organisational level, but by type of outcome (e.g. pensions/rates/payroll etc.) for Northern Ireland as a whole.

Raising Concerns

Raising concerns (also referred to as whistleblowing) plays a vital role in securing and maintaining standards in public life. Concerns should be raised in the first instance with the relevant department or arm's length body, as they are best placed to address the issue raised.

The C&AG and the Local Government Auditor are "prescribed persons" to whom protected disclosures can be made under Public Interest Disclosure legislation. Public sector employees, members of the public, contractors, councillors and other third parties can raise concerns with them about the proper conduct of public business, value for money and fraud and corruption. Details of how this can be done, and how such concerns will be considered, are on our [website](#).