

# Northern Ireland Audit Office

coverage of the

# Department for Infrastructure



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 **Department for Infrastructure (the Department)**.

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



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## Department for Infrastructure – background

The Department for Infrastructure (the Department) was established in May 2016. John O’Dowd, MLA took up office as Minister for Infrastructure on 16 May 2022. Minister O’Dowd’s period in post ended on 27 October 2022, with the Minister resuming this role on 3 February 2024.

The Department is responsible for the maintenance and development of critical infrastructure in Northern Ireland. It manages over £37 billion of public assets that have the potential to make a significant contribution to quality of life, sustainability and decarbonisation, and economic productivity and prosperity in Northern Ireland. The Department’s statutory responsibilities include:

- Regional strategic planning and development policy;
- Transport strategy and sustainable transport policy;
- Public transport policy and performance;
- Road safety and vehicle regulation policy, including strategies to reduce the number of people killed or seriously injured on our roads;
- Driver and operator licensing and driver and vehicle testing;
- Provision and maintenance of all public roads;
- Certain policy and support work for air and sea-ports;
- River and sea defence maintenance and the construction of Provision of flood maps and risk information; and
- Policy on water and sewerage services and management of the Department’s shareholder interest in Northern Ireland Water.

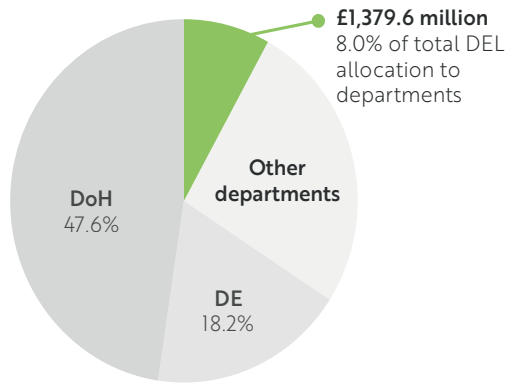
Delivery of these responsibilities is split across three Departmental working groups:

- Climate, Planning and Public Transport Group (which includes the Driver Vehicle Agency (DVA));
- Transport and Road Asset Management (which includes Translink); and
- Water and Departmental Delivery Group (which includes NI Water and Waterways Ireland).

# Department for Infrastructure 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 Department for Infrastructure**



While not one of the larger departments in terms of expenditure, the Department for Infrastructure is one of four with expenditure of around £1-1.5bn.

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



The Department’s funding is used primarily in three areas.

SPENDING AREA	RESOURCE DEL	CAPITAL DEL	TOTAL
Roads, Rivers and Waterways	£233.6m	£245.0m	£478.6m
Water and Sewerage	£144.0m	£329.4m	£473.4m
Bus, Rail and Ports	£160.6m	£242.4m	£403.0m
Road Safety Services including DVA	£10.1m	£-	£10.1m
Waterways Ireland	£5.2m	£2.6m	£7.8m
Planning and Legacy Sites	£6.0m	£0.7m	£6.7m
<b>TOTAL</b>	<b>£559.5m</b>	<b>£820.1m</b>	<b>£1,379.6m</b>

Source: 2024-25 Budget Document, Department of Finance

## Bodies for which DfI has responsibility for sponsorship and oversight

The Department is supported in delivering its functions by several arm's length bodies, each of which is accountable to it.

### Executive Agency

- Driver & Vehicle Agency (DVA)

### Non-Departmental Public Bodies

- Northern Ireland Water (NIW)\*
- Northern Ireland Transport Holding Company (NITHC)\*
- Drainage Council for Northern Ireland\*
- Northern Ireland Trust Ports\*

### North/South Body

- Waterways Ireland

\* Asterisk denotes bodies within the Departmental boundary which the NIAO does not audit.



## Financial Audit Update

The Comptroller and Auditor General (C&AG) for Northern Ireland is the external auditor for the Department. Each year the NIAO conducts a programme of audits on the financial statements of the Department, DVA and Waterways Ireland. 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 Northern Ireland Assembly documents.

### Audit Opinions

In 2023-24 the C&AG qualified her audit opinion on the Department for Infrastructure's accounts on the basis of a limitation of audit scope relating to the valuation of the Department's network assets.

In June 2021, the C&AG published a report on DVA, in relation to the suspension of most vehicle testing in Northern Ireland in early 2020. This was due to safety concerns arising from the identification of cracks in the scissor lifts used for vehicle tests. The report also highlighted the ongoing financial impact that the COVID-19 pandemic was having on DVA. The C&AG did not qualify their audit opinion in that year as a result of these issues.

Subsequently, in June 2021, the Public Accounts Committee published its own report on DVA, relating to the suspension of most vehicle testing services in Northern Ireland in early 2020. This report made three recommendations, of which two were completed during 2021-22, with the third implemented during 2022-23.



## 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.

In relation to the Department, the following Value for Money work is due for completion in 2024-25 and the findings will be presented to the Public Accounts Committee.

### **Public Bodies' Response to Misrepresented Soil Analysis (Published in July 2024)**

#### **With the Public Accounts Committee for Consideration**

This report considered the response of the Department (as well as other bodies – in particular local councils, and the Northern Ireland Environment Agency (NIEA)) to the discovery of misrepresented soil analysis results submitted in support of agricultural planning applications.

In October 2022, the NIEA first became aware of misrepresented soil sample analysis results submitted to them, with around 3,500 misrepresented soil samples ultimately identified. These samples related to 108 planning applications across nine of Northern Ireland's eleven local councils, dating back to 2015. While the report noted that the NIEA's initial response was proactive, it criticised subsequent collaboration between some of the key planning bodies as having been extremely poor. There was a general lack of clarity around responsibility for investigating potential agricultural planning fraud.

The report found that the Department for Infrastructure, which has responsibility for oversight of the NI planning system, considered it inappropriate to get more directly involved in this matter. As a result, an opportunity to ensure that all affected councils had initiated an investigation into potential fraud was missed. It recommended that the Department takes a more active role should such sector-wide issues arise in future.

Furthermore, the report expressed frustration that many of the issues identified are not new. The NIEA's 2022 report on Planning in Northern Ireland highlighted an urgent need for improved joined up working between organisations - failure to properly address this is continuing to undermine public confidence in the planning system here.

The report did note some positive measures taken upon the initial discovery of the misrepresented soil analysis result - these included improved controls around the planning application process, with arrangements in place to address some of the remaining weaknesses. It recommended enhanced independent retesting of soil samples, and a review of existing planning regulations to determine whether they are sufficient to protect the environment from the impact of diffuse pollution.

## **Road Openings by Utilities (Scheduled for publication in Autumn 2024)**

To deliver water, gas, electricity and communications services to consumers in Northern Ireland, utility companies are often required, and have a statutory right, to install infrastructure over, under and on the road network. Whilst ongoing, these works can require the closure of roads that causes significant disruption to the public and resulting in longer and uncertain travel times.

There is also a risk that roads or footpaths are not appropriately reinstated by utility companies when works are completed. Where this occurs, it can reduce the service life of roads or footpaths by up to 30 per cent, imposing long-term costs on the public sector.

Our report examines the arrangements that the Department has in place to work with utility companies to ensure this risk is managed and disruption is minimised.

### **Active Travel**

This report is scheduled to publish in March 2025.





## Previous Public Reporting coverage in DfI

An overview and main findings from a selection of NIAO reports on the Department and its arm's length bodies since 2020 are outlined below.

### **Funding water infrastructure in Northern Ireland (Published in March 2024)**

#### **Released by the Public Accounts Committee**

This report, published in March 2024, provided a landscape review of how investment has been managed since the establishment of Northern Ireland Water (NI Water) in 2007. It referenced a 2007 independent review, commissioned by the then Department for Regional Development, which highlighted that NI Water inherited a network of assets that had suffered from lower levels of investment than other regions of the UK. The report noted stakeholder concerns that NI Water's existing funding model contributes to uncertainty over whether the level of investment that is needed will be available.

Furthermore, financing such investment has been made more difficult due to the impact of a number of major economic issues since 2007, such as the financial crash of the late 2000s, and recent inflationary cost pressures. Price Control 21 (PC21), a 2021 water infrastructure plan agreed by the Department for Infrastructure, NI Water and the Utility Regulator, aimed to invest £2.1 billion over the period 2021-27 (an 87 per cent increase in investment levels from 2015-21).

While the Department was able to fully deliver the required funding during the first two years of the plan, total capital and resource funding available for 2023-24 was approximately £93 million lower than what NI Water had identified as being necessary, and it is expected that there will be another shortfall in 2024-25. This is likely to significantly affect the delivery of the assets planned for development in PC21. A lack of capacity in Northern Ireland's water infrastructure has meant that development applications in 100 areas, including 25 cities and towns, cannot be approved or are being subject to restrictions.

The report concluded that the funding model that applies to the Department and NI Water creates uncertainty and constraints around securing and using resources, and this has been further compounded by wider economic volatility. It recommended that the Department and NI Water complete a comprehensive review of alternative arrangements, led by suitably qualified experts. It also noted increasing recognition of the importance of a coordinated and sustainable approach to infrastructure planning more generally, and recommended that relevant stakeholders work purposefully towards establishing appropriate arrangements in support of such an approach.

## **NIAO Review of NI Water's sale of Portavoe Reservoir (Published in July 2022)**

### **Released by the Public Accounts Committee**

Concerns raised with the C&AG prompted a short report examining the process followed by NI Water to sell Portavoe Reservoir in June 2020. This report concluded that NI Water followed the appropriate processes and guidance on the disposal of the Reservoir to the former land owners, or their successors. The report found that the assumptions underpinning the Land and Property Service's valuation appear reasonable, reflecting the constraints of the site, but added that there may have been merit in considering a second, up-to-date, valuation to provide further assurances that the disposal value was satisfactory.

## **Planning in Northern Ireland (Published in February 2022)**

### **Subject of a Public Accounts Committee Inquiry, report published March 2022**

This report found that Northern Ireland's planning system, operating from April 2015, is not working efficiently and is failing to deliver for the economy, communities and the environment. The report also found that there is significant silo working in the planning system and the most important planning applications are taking too long to process, with the planning decisions becoming increasingly complex. Planning fees had not been adjusted, failing to keep pace with inflation, and resulting in the planning system increasingly becoming financially unsustainable.

**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.

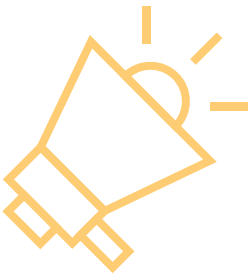
Copies of our good practice guides can be found in the [Publications section](#) of our website.

### Recent NIAO Good Practice Guides have covered topics including:

 <b>Board Effectiveness</b>	 <b>Grant Fraud</b>
 <b>Local Government Asset Management Financial Reporting</b>	 <b>School Governance</b>
 <b>Risk Management</b>	 <b>Planning Fraud</b>

### Topics planned for future good practice guides include:

 <b>Audit Committee Effectiveness</b>	 <b>Cyber Security</b>
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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 NI 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](#).