



Northern Ireland Audit Office

MEDIA RELEASE

Financial Auditing and Reporting

Report to the Northern Ireland Assembly by the Comptroller and Auditor General 2015

24 November 2015

Kieran Donnelly, the Comptroller and Auditor General for Northern Ireland and Head of the Northern Ireland Audit Office (NIAO), has today reported to the Northern Ireland Assembly on the results of financial audit work undertaken by the NIAO, primarily on the 2014-15 accounts of government departments and other public sector bodies.

The primary aim of the NIAO's financial audit work is to provide objective information, advice and assurance to the Assembly on the use of public funds.

Mr Donnelly commented:

"The standards of financial accounting in Northern Ireland continue to remain high, demonstrated by the quality and timeliness of financial reporting. I am responsible for forming an audit opinion on 134 central government accounts. My report outlines that the vast majority of opinions were clean but I have qualified my opinion on 18 occasions and my report provides details. This represents an improvement from the position I reported on last year. Many of the qualified audit opinions result from failures to comply with instructions from governing authorities, including the Department of Finance and Personnel."

Key findings

The report notes that the Northern Ireland Consolidated Fund, which is the Executive's current account, paid out £17.6bn in 2014-15. In the financial statements accounting for the expenditure the Comptroller and Auditor General qualified his opinion on 18 occasions. Twelve accounts had been subject to a similar qualified audit opinion in the previous relevant accounting period. Six accounts received new qualified audit opinions (three Departmental Resource Accounts and three Arms Length Bodies). Mr Donnelly draws attention to the following qualifications:

- **Department for Regional Development** – Expenditure limits were exceeded resulting in the Department having no authority for an overspend of £12.9m due to anticipated income of £20m not arising from Belfast Harbour Commissioners.
- **NI Library Authority** – There were limitations on the scope of the audit relating to heritage stock assets. £3.7m did not meet the definition of heritage stock assets and were de-recognised as

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heritage stock assets. There remains significant doubt over the accuracy and completeness of a material portion (£4.9m) of the valuation of heritage stock assets.

- **North Eastern Education and Library Board 2013-14** – A contractor was paid £234,380 above the limit approved by the Department of Education for a particular project. It is likely that further payments relating to this project will also be irregular when they are made.
- **Legal Services Commission 2013-14** – There were two limitations on the scope on the audit relating to insufficient evidence to support the eligibility of certain Legal Aid applications and payments to legal practitioners and there was insufficient audit evidence to support amounts recognised at year end for payments due to legal service practitioners.
- **NI Social Fund** – The estimated levels of error increased significantly. Out of total expenditure (other than Winter Fuel and Cold Weather payments) of £86.5m, estimated over and under payments totalled £2.0m.
- **Youth Justice Agency** – There was a lack of clarity on whether or not, legally, the Youth Justice Agency should have been admitted to membership of the Northern Ireland Local Government Officers' Superannuation Committee Pension Scheme. Contributions of £3.2m had been paid to NILGOSC during the year. Since 1 April 2015 this issue has been resolved and the employees of the Youth Justice Agency are now members of the Principal Civil Service Pension Scheme Northern Ireland.

There were two excess votes where expenditure exceeded the limits approved by the Assembly. Both of these related to valuations accounting on pension schemes:

- **DFP - Principal Civil Service Pension Scheme** – An excess vote was incurred as expenditure exceeded the resource expenditure limit voted by £68.3m.
- **NI Assembly Commission** – The Northern Ireland Assembly Commission was £953,000 in excess of the £47.9m control total authorised by the Assembly.

Northern Ireland Housing Executive

The audit opinion on the Northern Ireland Housing Executive was qualified due to estimated irregular Housing Benefit overpayments of £22.3m and underpayments of £4.4m. The level of overpayments due to customer fraud now stands at £17.1m, increasing significantly on the prior year figure of £11.7m. Considerable problems have been identified in the past in relation to the Housing Executive's controls over work by contractors on its maintenance programmes and the audit opinion on regularity has been qualified in this area for a number of years. Mr Donnelly also again qualified his opinion due to insufficient evidence of controls operating over £3.6m of heating response maintenance and £99m of planned maintenance as he was not provided with sufficient evidence over controls operating in these areas. However he removed the qualifications that attached in the previous year to general response maintenance and to the completeness and accuracy of tax liabilities.

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Good Practice Guides

Over the course of the last year Mr Donnelly's Office produced three good practice guides covering areas of interest i.e. *Whistleblowing in the Public Sector*, *Conflicts of Interest* and *Managing Fraud Risk in a Changing Environment*. These Good Practice Guides are a means of providing public bodies with practical advice, guidance, ethics and/or ideas that represent the most efficient or prudent course of action for a body to adopt, to help it achieve best practice in a particular area.

Notes for Editors

1. The Comptroller and Auditor General is Head of the Northern Ireland Audit Office (the Audit Office). He and the NIAO are totally independent of Government. He certifies the accounts of Government Departments and a range of other public sector bodies. He has statutory authority to report to the Assembly on the economy, efficiency and effectiveness with which departments and public bodies use their resources. His reports are published as Assembly papers.
2. The report is available from the Stationery Office throughout the United Kingdom. It is also available on the Audit Office website at www.niauditoffice.gov.uk. The report is embargoed until 00.01 hrs on 24 November 2015.
3. It does not include the results of his examination of the accounts of bodies within the health and social care or local government sectors. Separate reports on these sectors will be published in due course. Background briefing can be obtained from the Audit Office by contacting Rodney Allen (028 9025 1122) or Garry Currie (028 9025 1126).