



Northern Ireland

**Public Services**

Ombudsman

# Annual Report & Accounts

For the year ended  
31 March 2019

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NORTHERN IRELAND PUBLIC SERVICES OMBUDSMAN  
Annual Report and Accounts  
For the year ended 31 March 2019

Laid before the Northern Ireland Assembly by the  
Department of Finance under  
section 10(4) of the Government Resources  
and Accounts Act (Northern Ireland) 2001

4 July 2019



## Northern Ireland Public Services Ombudsman (NIPSO)

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# Performance Report

## Performance Overview

The purpose of this overview is to summarise the structure, purpose and performance during 2018-19 of the Northern Ireland Public Services Ombudsman (NIPSO). It provides context and highlights issues that are expanded upon in the Performance Analysis on pages 6 to 12. It enables the reader to form a high level understanding of NIPSO and its performance over the reporting year.

## ***Ombudsman's Statement***

I am pleased to present this Annual Report and Accounts for the year ended 31 March 2019, my third year in office. In April 2016 I was appointed by Royal Warrant as the first Northern Ireland Public Services Ombudsman. From that date I also took up the offices of Northern Ireland Judicial Appointments Ombudsman (NIJAO) and Northern Ireland Local Government Commissioner for Standards.

In these three statutory roles I have personal responsibility for the overall organisation, management and staffing of the NIPSO office and for its procedures in relation to finance, governance and operational matters.

## ***NIPSO Purpose and Activities***

As stated in the current Strategic Plan 2016-2020, NIPSO's **purpose** is ***'To serve the public and improve public services by independently and impartially investigating complaints and holding to account'***. The Ombudsman's Office is part of the system of administrative justice in Northern Ireland, investigating complaints about maladministration and service failures of bodies in jurisdiction when the complainant has exhausted all available internal complaint mechanisms. When assessing a complaint for investigation, staff will consider whether the complainant has an alternative legal remedy or a right of appeal, reference or review to another body.

NIPSO's **values** underpin everything that NIPSO does and drive all of my decisions, actions, policies, processes and systems. They are as follows:

- **Fairness** (Treating others fairly, justly and without bias. We will ensure that our investigation and adjudication processes are fair to all).
- **Impartiality** (Making decisions impartially and keeping an open mind in relation to our work).
- **Openness** (Taking decisions in an open and transparent manner. Information will be disclosed when it is lawful to do so. Investigation reports will be published when it is the public interest to do so. Staff will be informed of decisions that affect them as soon as practicable. Decisions will be explained fully and reasons given. Information about NIPSO performance will be published.
- **Respect** (NIPSO respects equality and the rights of others (including human rights). The views of others will be respected and we will show consideration for others).

- **Integrity** (NIPSO staff will declare and manage any interests and relationships that conflict with the Office's duties and functions. All staff manage the highest ethical and personal standards and be honest in dealings with each other and our work).

### Strategic Objectives

NIPSO's strategic objectives are as follows:

- SO1.** To provide a high quality, impartial and independent investigation service for all complaints to my office.
- SO2.** To provide a high quality, independent investigation and adjudication service for complaints about alleged breaches of the Northern Ireland Local Government Code of Conduct.
- SO3.** [When empowered by the Assembly and provided appropriate resourcing] To improve complaints handling of all public service providers
- SO4.** To be an accountable, ethical public service organisation that seeks continuous improvement
- SO5.** To support learning from complaints and improvement in public service delivery.

All of the NIPSO's activities are carried out by reference to these strategic objectives.

### Main Activities

As Ombudsman my key role is to investigate complaints of maladministration<sup>1</sup> about public services in Northern Ireland, and professional judgment in health and social care. Where I find maladministration, I make recommendations to address this through appropriate remedies. I apply the Principles of Good Administration, the learning gained, the evidence obtained, and the conclusions reached, to contribute to improvements in public services and public administration. In carrying out my functions I am supported by a Senior Management Team (SMT), comprising a Deputy and team of Directors; and investigation and support staff teams.

The listed authorities in jurisdiction include all nine Northern Ireland government departments, their statutory agencies and Non Departmental Public Bodies, Local Councils, Health and Social Care bodies, registered Housing Associations, the Northern Ireland Housing Executive and a range of other public service providers. In the case of Health and Social Care, I also investigate complaints about general and independent health care providers, the Northern Ireland Audit Office and the Northern Ireland Assembly Commission.

I also act as Northern Ireland Judicial Appointments Ombudsman, dealing with complaints of maladministration in respect of judicial appointments.

In addition to the above, Part 9 of the Local Government (Northern Ireland) Act 2014 provides for the functions of the Local Government Commissioner for Standards, to investigate and adjudicate upon complaints about alleged breaches by Councillors of the Local Government Code of Conduct ('the Code').

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<sup>1</sup> The term maladministration is not defined in legislation but is generally taken to mean poor administration or the wrong application of rules. It also extends to the examination of actions and decisions taken in consequence of clinical judgement.

## Expansion of Remit

From October 2016 I have had jurisdiction to accept complaints about all colleges and universities, apart from matters of academic judgment.

In April 2017, all publicly funded schools also came within NIPSO's remit.

In April 2018, under Section 8 of the Public Services Ombudsman Act (Northern Ireland) 2016 ("the 2016 Act") the power to undertake Own Initiative (OI) commenced, where I have a reasonable suspicion of systemic maladministration or systemic injustice. This new power enables me to identify and address systemic failures which have the potential to affect the wider public, and not just individual complainants.

During the reporting year the OI team have developed robust processes and investigation methodologies to ensure effective operational performance when conducting OI investigations. In October 2018 the Office co-hosted, with the International Ombudsman Institute, a best practice conference bringing together practitioners, academics and international experts in this field. As the first Ombudsman in the United Kingdom to gain the OI power there is a need to regularly update other ombudsmen, who are seeking or are soon to receive this power, regarding our implementation and learning.

Throughout the year staff have actively engaged with listed authorities, oversight bodies, service users and civic society about the new OI power. I have developed and published criteria for selecting an issue as the subject of an OI investigation. A proposal was launched in January 2019 to consider issues relating to the Personal Independence Payments process. The OI team have also kept under assessment a range of other potential issues.

As Ombudsman I have discretion to publish reports in the public interest.

Finally, the Ombudsman must consult and share information with other ombudsmen and regulators. To that end she has established an *Oversight Forum* comprising a range of oversight bodies in Northern Ireland to ensure best use of public resources and that her investigations do not needlessly overlap with the respective remits of other forum members.

## Issues, Risks and Challenges

The NIPSO Strategic Plan 2016–2020 is the framework within which NIPSO delivered its functions in 2018-19.

In support of the strategy a detailed corporate risk register is maintained and reviewed. This register identifies the key financial, operational and reputational risks to achievement of each of the agreed NIPSO strategic objectives. It also details the measures in place, or planned, in order to best manage these risks.

During the year the Ombudsman's Senior Management Team (SMT) regularly reviewed the identified risks, recording the controls currently in place to manage them and, where appropriate, formulated additional control measures for consideration, subject to

available resources. The register was also presented to and discussed at all meetings of the NIPSO Audit and Risk Committee (ARC).

The register as at 31 March 2019 (available on request) details the status of the Ombudsman's corporate risks as at that date and has also been reviewed by the ARC. The Internal Audit 'Annual Assurance Report 2018-19', has also provided a satisfactory level of assurance in relation to risk management, internal control and governance, based upon the work undertaken on the 2018-19 internal audit programme.

During the reporting year, the top three risks facing my Office were as follows:

- (i) resource constraints in meeting the ever-expanding demands on NIPSO's services;
- (ii) the continuing absence of a functioning Assembly for:
  - budget approval and accountability purposes, and;
  - the consideration of Ombudsman's reports and key recommendations;
- (iii) the need to maintain ongoing casework activity while developing new functions and remits.

NIPSO continues to identify emerging risks and to address them proactively and in a prioritised manner.

Further information on the identification and management of the Ombudsman's risks is contained in the Governance Statement.

## ***Performance Summary***

### **Performance regarding maladministration complaints.**

The receipt, assessment and, where appropriate, investigation of complaints of maladministration, including professional judgment in health and social care, continues to be the largest single area of NIPSO's work. In 2018-19, in addition to the 207 live complaint cases brought forward at the start of the year, a total of 762 new complaints of maladministration were received. At the end of the year there were 218 live complaints at either initial assessment, assessment or investigation stage.

During the year the front-of-Office Advice, Support Service and Initial Screening Team (ASSIST) continued to address rising numbers of enquiries and helped to achieve early resolution of many of the cases, where possible. Despite the activity growth (see Performance Analysis section below), the targets in place regarding the time taken to determine whether the Ombudsman could investigate a complaint and whether the Ombudsman should investigate, both continued to be achieved.

The performance target for the time taken to investigate and issue a draft report narrowly failed to meet its target.

Further detail on the above is provided in the Performance Analysis section of this report.





## **Performance relating to complaints about alleged breaches of the Local Government Code of Conduct ('the Code')**

In 2018-19 the Commissioner received 62 complaints alleging that councillors had breached the Local Government Code of Conduct ('the Code'). This was an increase of 41% from the 44 complaints received in 2017-18. The number of cases in progress as at the end of 2018-19 has more than doubled to 66 from the 32 live cases brought forward at the start of the year.

In relation to the LGES team's performance, the decision whether to investigate was reached within the 4 week target in all of the 46 cases that were considered in 2018-19 – a 100% achievement rate against a target of 85%.

Against the target to complete an investigation within 40 weeks of receipt of complaint, 29 out of 39 (74%) of the cases which reached that stage achieved the timescale in 2018-19, against a 60% target.

Further detail on the above is also provided in the next section of this report (Performance Analysis).

## **Financial Performance**

In 2018/19 NIPSO achieved all of the three financial KPIs in place (again see further in the Performance Analysis section).

Of particular note, the overall Net Resource Outturn for the reporting period was 1.2% less than estimated – well within the target of 2%.

Over the reporting year the Office had an average of 38 Full Time Equivalent (FTE) staff. Staff costs continue to be by far the largest area of Office expenditure, accounting for 73% of net resource expenditure in 2018-19.

## **Performance Analysis**

In 2018-19 there were 1,346 complaints-related enquiries to the Office from members of the public. This is an increase of 105% from the 657 enquiries recorded in the previous year.

### **Maladministration Complaint Numbers**

The following table details the key statistics on maladministration cases for 2018 -19:

<b>Case Statistics</b>	<b>2018-19</b>
Complaints ongoing from previous year	207
New Complaints in year	762
Total complaints ongoing at year end	218

The table below illustrates the growth in new maladministration complaints received over the past four years:

<b>Year</b>	<b>New complaints about public services</b>	<b>Year-on-year % increase</b>	<b>Cumulative % increase from 2015-16</b>
2015-16	477	-	-
2016-17	539	13%	13%
2017-18	665	23%	39%
2018-19	762	15%	60%

*Note: the 2015-16 figure relates to the legacy organisation, the Assembly Ombudsman/Commissioner for Complaints (AOCC). Although the remit and bodies under jurisdiction have changed under NIPSO, there is sufficient commonality between the previous complaints remit of AOCC and of NIPSO to render this growth trend meaningful.*

There remained only two legacy cases in the office which are Commissioner for Complaints cases, one of which, at the time of publication of this report, has been closed.

### **Maladministration KPI Performance**

NIPSO's operational efficiency, effectiveness and accountability is measured through key performance indicators (KPIs). These focus on the time taken to assess complaints and complete investigations. Complementary qualitative assessments are completed through established internal procedures and the Ombudsman remains fully committed to quality as well as timeliness. The Office's maladministration KPIs, together with the recorded performance in 2018-19, are as follows:

Indicator	Target	Achieved
<b>KPI 1</b> – measures how quickly we make a decision on whether the Ombudsman can accept a complaint for further assessment. We aim to inform the complainant within 2 weeks or less of their complaint being received in <b>90%</b> of cases	<b>90%</b>	<b>93%</b>
<b>KPI 2</b> – measures how quickly we decide on what action we can take on a complaint which has been accepted for assessment. We aim to complete this assessment and inform the complainant of the decision within 10 weeks of their complaint being received.	<b>70%</b>	<b>70%</b>
<b>KPI 3</b> – measures how quickly we reach a decision on the investigation of a complaint and share the draft report with the body and the complainant. We aim to complete this within 50 weeks of the decision at KPI 2 being made.	<b>70%</b>	<b>68%</b>

### **Performance Commentary**

Where targets were narrowly achieved or missed this must be viewed in the context of the adequacy and short-term nature of funding available to NIPSO, and the significant ongoing budgetary uncertainties. These are detailed elsewhere (see in particular in the Governance Statement). However, the predominant risk factors that are of relevance to NIPSO's complaints case handling performance are:

- (i) Increasing case numbers beyond forecast, further risking the achievement of KPIs 1-3 (e.g. a 60% increase in maladministration complaints numbers since 2015-16);
- (ii) Staff turnover and inefficiencies, partly associated with the obligatory reliance on short term staff and short term contracts; and
- (iii) In the absence of the Assembly, uncertainty over future years' resources and inability to identify and mitigate future financial pressures, leading to an inability to achieve business objectives and to reputational damage.

Despite these risks KPI 1 was met in 93% of cases – 3% above the 90% target. The average number of working days taken at this stage was 10 working days.

The reported percentage performance for a decision at KPI 2 (assessment of whether a case **should** be investigated) was 70%. The achievement of this target given the increased caseload in the ASSIST team is noteworthy. However, the average number of days taken at this stage was 90. This exceeds the 10 week target completion time and can be largely attributed to the growth in volume of decisions being made at KPI 2 stage – a 38% increase to 365 in 2018-19 from 265 in 2017-18.

The KPI 3 performance target relates to the time taken to issue a draft investigation report and was met in 68% of cases. This performance is just short of the target of 70%. Considerable staffing pressures are being experienced in the investigations team, as a result of staff shortages and the level of staff turnover. In that context the KPI 3 achievement rate is commendable, noting also that the number of investigation cases in progress as at the year-end has grown significantly to 133 – up 23% from the 108 at the start of the year.

## Local Government Ethical Standards (LGES) Complaints

The 2018-19 LGES complaints caseload position compared to 2017-18 is as follows:

Caseload	2018-19	2017-18
Complaints ongoing from previous year	32	20
Written complaints received in year	62	44
Total complaints under investigation in year	94	64
Number closed at Initial Assessment Stage ' <b>can</b> we investigate'	6	15
Number closed at Assessment Stage ' <b>should</b> we investigate'	7	9
Number of Complaints closed by Alternative Action	1	1
Number of complaints withdrawn	-	1
Number determined at Investigation Stage (with no breach found)	8	4
Adjudications	6	2
Complaints ongoing at year end	66	32

## LGES KPI Performance

The Office's LGES KPIs, together with the recorded performance in 2018-19, are as follows:

Indicator	Target	Achieved
<b>KPI 4</b> – we will notify the complainant and the complained-against councillor(s) within 4 weeks of receipt of a valid complaint of the decision whether to investigate.	<b>85%</b>	<b>100%</b>
<b>KPI 5</b> – we will complete an investigation within 40 weeks of the date of receipt of the complaint. The target is 60%*	<b>60%</b>	<b>74%</b>

\* This is a revised target, introduced in April 2018 (formerly 85% within 48 weeks).

## Performance Commentary

This year the majority of complaints (30 instances) related to allegations that a councillor had failed to meet the general rule of conduct in their behaviour towards others. The second most common basis of complaint related to allegations that councillors had failed to meet their obligations as a councillor (21 instances), including the requirement not to bring the position of councillor or the council into disrepute. This requirement of the Code applies at all times to councillors' conduct. A number of complaints alleged breaches of more than one aspect of the Code. Within this year, councillors' use of



social media platforms featured in 16 of the complaints received by the LGES Directorate.

A total of 28 cases were concluded in 2018-19. 13 were closed at the assessment stage, with a further 9 closed at investigation stage: 8 with a finding of no failure to comply with the Code and one case was closed by alternative action resulting in an apology. 6 cases investigated (consolidated to 5 proceedings) were referred by the Deputy Commissioner for adjudication. Following a public hearing, the Commissioner found that the councillors concerned had failed to comply with the Code, and all resulted in a term of suspension for the individual councillors. The following sanctions were imposed by the commissioner: 2 instances of suspension for 6 months, a 3 month partial suspension, a 3 month suspension and a 5 month suspension. Full details of decisions are available on the LGES section of the NIPSO website.

During 2018-19 the Deputy Commissioner also made three referrals for Interim Adjudication to the Acting Commissioner. The Acting Commissioner held 2 interim adjudications which both resulted in an interim suspension being imposed on the councillors. Both investigations are ongoing within the LGES Directorate. The need for an interim adjudication in one case was dispensed with, following the resignation of the councillor concerned, however the investigation remains ongoing.

In addition to its work in assessing and investigating complaints, the LGES Directorate, in collaboration with the Northern Ireland Local Government Association, delivered a programme of further training for councillors on the Code of Conduct; this programme was offered to all elected members and was held in venues across the 11 council areas.

### Financial Target Performance

The Office's Financial KPIs, together with the recorded performance in 2018-19, are as follows:

Indicator	Target	Achieved
<b>KPI 6</b> – we will not exceed the total Net Total Resource expenditure for the year authorised by the Northern Ireland Assembly as detailed in the 2018-19 Spring Supplementary Estimate, limiting any underspend to 2%.	<b>Not &gt; 2%</b>	<b>1.2%</b>
<b>KPI 7</b> – in supporting the work of the Office the total cash utilised within the year will not exceed the Net Cash Requirement limit authorised by the Northern Ireland Assembly as detailed in the 2018-19 Spring Supplementary Estimate.	<b>n/a</b>	<b>Yes</b>
<b>KPI 8</b> – we will we will pay 98% of correctly presented supplier invoices within 10 working days of receipt.	<b>98%</b>	<b>99%</b>

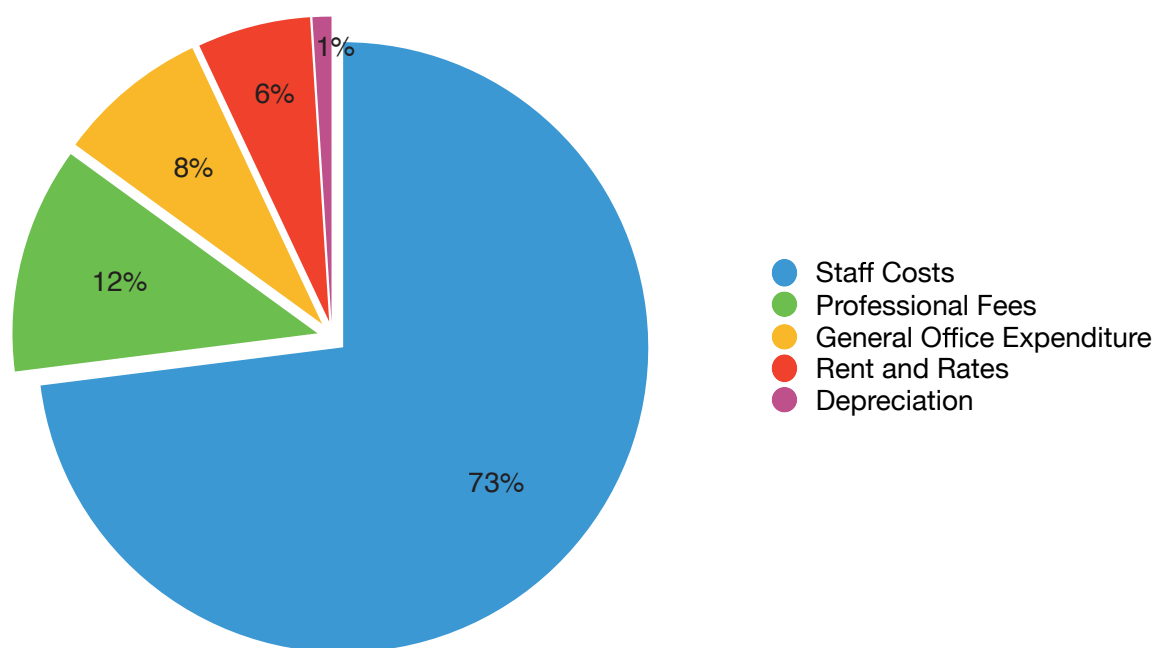
It is noteworthy that all three financial targets set by NIPSO in 2018-19 were met. Performance against the 2018-19 Spring Supplementary Estimate is summarised in the following table:

	Estimate £k	Outturn £k	Saving £k	Percentage saving
<b>Net Resource Outturn</b>	2,622	2,591	31	1.18%
<b>Net Operating Cost</b>	2,755	2,721	34	1.23%
<b>Net Cash Requirement</b>	2,687	2,621	66	2.45%

The identified outturn performance is by comparison to the 2018-19 Spring Supplementary Estimates.

The 1.18% Net Resource Outturn under-spend primarily arose from legal fees (accounting for some £10k), and from a number of other areas of general expenditure, including IT maintenance (£9k), Local Government Ethical Standards (£4k), Travel (£4k) & Printing & Stationary (£4k). These were due to a number of factors outside the control of NIPSO including timing and outcome.

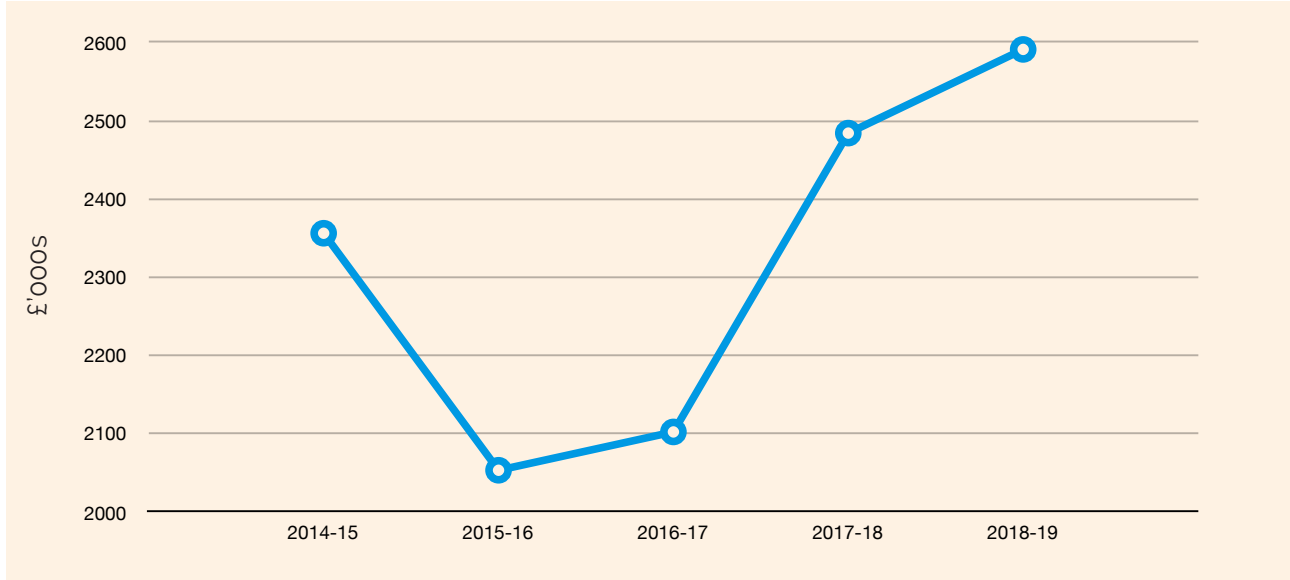
Illustrated below is the breakdown of resource expenditure for 2018-19.



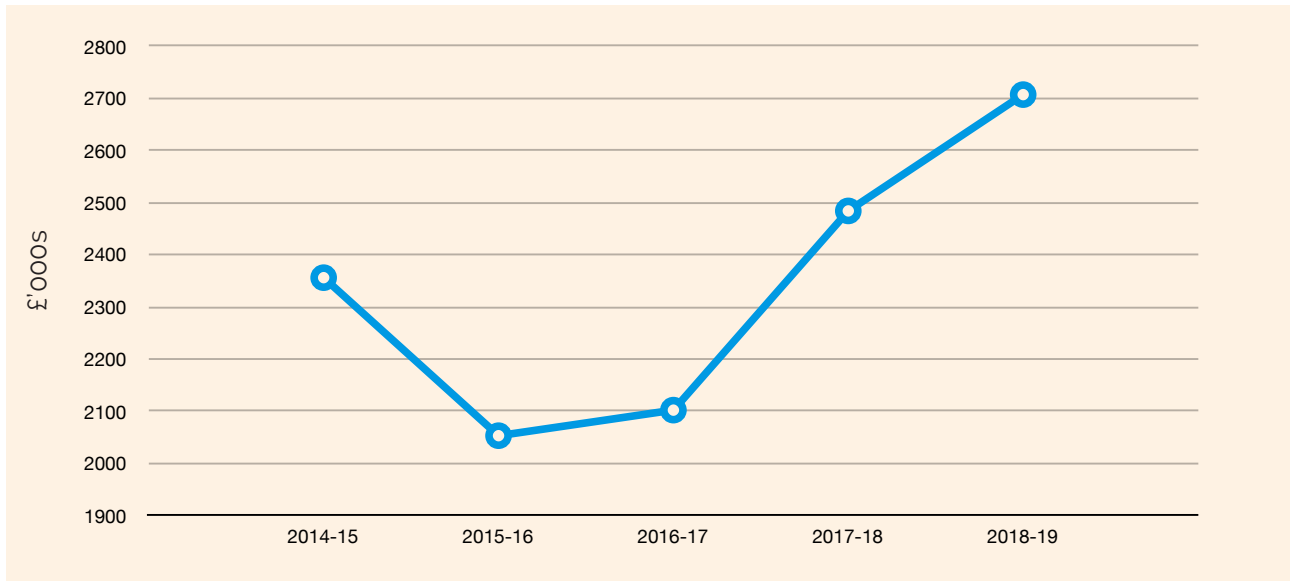
Note: The above expenditure percentages are based on Net Resource Requirement less notional costs, Consolidated Fund Standing Services and non-service expenditure.

The Office's outturn in Estimate and Budget terms for the period 2014-15 to 2018-19 is set out below.

### Estimate Net Resource Outturn



### Resource Budget



It is notable that the Resource Budget differs from the Net Resource Requirement in that the former includes the Consolidated Fund Standing Service (Ombudsman's salary) but excludes notional costs.

### Resources requirements

As indicated previously in this Report, the Office remains in a significant growth phase due to its extensions in remit and increasing demand for its services. The impact of new powers to publish investigation reports has been a significant change. The more recent impacts of NIPSO's legislative powers are as follows.

- (i) The Ombudsman now has the power to undertake Own Initiative investigations, whether or not the Office has received a complaint.

- (ii) The power to publish investigations reports where it is in the public interest to do so has significantly raised visibility. The first public report was published in February 2018 and 27 reports were published during 2018-19.

As indicated earlier, the Office has experienced significant increases in complaints received in its first three years. Since the last year of the predecessor organisation (AOCC) in 2015-16 up to 2018-19 new complaints received have increased by 60%. The number of enquiries to the Office has more than doubled in this reporting year. These workload pressures have not been addressed by a corresponding growth in available funding.

The downward budgetary pressures (with, for instance, the opening 2019-20 revenue budget flat lined in monetary terms from 2018-19) has in effect reduced resources available to meet this demand and has had an impact on staffing.

The Ombudsman will continue to engage with the relevant stakeholders including the Department of Finance and the Northern Ireland Office to secure additional financial resources. Adequate funding is essential to enable the Office to deliver on an ever-increasing range of responsibilities. The delivery of services that the public are entitled to expect in respect of complaints and investigation is the Office's core function and the reduced funding will impact on the level of service.

### **Social and Environmental Matters**

In carrying out her functions the Ombudsman has regard for human rights obligations and the need to ensure anti-corruption, anti-bribery social responsibility and environmental protection policies and measures are established. The following demonstrates her commitment in this regard:

- (i) The Ombudsman has developed, jointly with the NI Human Rights Commission and with the financial support of the International Ombudsman's Institute, a Human Rights Manual, as a result of which a human rights approach to our work is now embedded in NIPSO's business processes.
- (ii) The Ombudsman keeps under review in liaison with her Audit and Risk Committee, the NIPSO Anti-Fraud (including bribery and corruption) and Whistleblowing policies.
- (iii) The plans for a significant office refurbishment during 2019-20 are set to ensure that energy efficient measures are embedded, for instance the materials used and designed with up to date environmentally responsible heating and lighting.
- (iv) The Office has pursued a number of simple but effective initiatives aimed at reducing Office waste and respecting the environment. For example through the use of scanning and secure emails as an alternative to paper copying and printing, and through availing of all opportunities to recycle Office consumables and paper, cardboard and plastic.



**Marie Anderson**  
**Accounting Officer**

**26 June 2019**



## Accountability Report

This Accountability Report meets the Ombudsman's key accountability requirements to the Assembly. It is analogous to the requirements in a Directors Report, as set out in chapter 5 of Part 15 of the Companies Act and Schedule 7 of SI 2008 No. 410, and in the Remuneration Report, as set out in Chapter 6 of the Companies Act 2016 and in SI 2013 No.1981. It is adapted for a public sector context. This Report is signed and dated by the Ombudsman as Accounting Officer. The report comprises three sections:

- (i) Corporate Governance Report;
- (ii) Remuneration and Staff Report; and
- (iii) Assembly Accountability and Audit Report.

### Corporate Governance Report

The purpose of the corporate governance report is to explain the composition and organisation of the Ombudsman's governance arrangements and outline how they contribute to the achievement of the Office's objectives.

#### ***Ombudsman's Report***

In accordance with the Public Services Ombudsman Act (Northern Ireland) 2016 ('the 2016 Act'), the Ombudsman holds three statutory Offices; Northern Ireland Public Services Ombudsman, Northern Ireland Judicial Appointments Ombudsman and Northern Ireland Local Government Commissioner for Standards. In addition, the Ombudsman is designated as the Accounting Officer for the Office.

As an Officer of the Northern Ireland Assembly, she is independent of government and the bodies within her jurisdiction. The 2016 Act provides for the appointment and tenure of office of the Ombudsman for a single non-renewable period of seven years.

As at 31 March 2019 the Office establishment comprised the Ombudsman and 45 members of staff: a Deputy Ombudsman; three Directors of Investigations; a Director of Finance and Corporate Services; a Head of Communications; 28 investigative staff, a Data Protection Officer and 10 other administrative staff (three of whom were temporary agency staff).

#### **Corporation Sole**

The Ombudsman holds the statutory position of a Corporation Sole. This is defined as an individual person who represents an official position which has a single, separate legal entity, an entity that can only be created by statute, enabling legal continuity with succeeding Office holders having the same powers as their predecessors.

As a Corporation Sole, she has a personal jurisdiction in respect of the functions of her Office and is solely responsible for the performance of those functions. The 2016 Act requires the Ombudsman to lay annually a general report on the exercise of her functions before the Northern Ireland Assembly. Further details are set out in the Governance Statement.

## Senior Management Team

While recognising the Ombudsman's status as a Corporation Sole and her responsibilities in setting strategy and policy, the Senior Management Team (SMT) is the principal mechanism for agreeing the business and decision-making in NIPSO.

Under the SMT Operating Framework, reviewed in April 2019, the role of SMT is to set the strategic direction of the Office and to provide advice and support to the Ombudsman in the discharge of her statutory duties.

The SMT members as at 31 March 2019 were:

The Ombudsman (Chair):	Mrs Marie Anderson
Deputy Ombudsman:	Mr Paul McFadden
Directors:	Mrs Michaela McAleer, Mr John McGinnity, Mrs Claire McIlhatton and Mr Sean Martin.

All SMT members other than the Ombudsman are employees of NIPSO.

## Significant Interests

A Register of Interests of all staff is maintained by the Office, a copy of which is available to the public on request. No significant interests were noted in this reporting year.

## Personal Data Incidents

The Office reports on all personal data related incidents. Within its Governance framework, the Office has an explicit control system to meet its responsibilities under the Data Protection Act (DPA) 2018, the Freedom of Information Act (FOIA) 2000 and the Environmental Information Regulations (EIR) 2004. The control system has been established to ensure the appropriate processing of personal data and other information used for investigation and reporting purposes through the development of appropriate policies and procedures.

There was one personal data incident formally reported to the Information Commissioner's Office during 2018-19. The Information Commissioner concluded that there was no further action required in this instance.

## Pensions applicable

As at 31 March 2019 all members of SMT are members of the Principal Civil Service Pension Scheme (PCSPS) (NI). This is a defined benefit scheme which is unfunded. The Office recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from the staff services by payment to the Principal Civil Service Scheme (PCSPS) (NI) of an amount calculated on an accruing basis. Liability for payment of future benefits is a charge on the Principal Civil Service Pension Scheme (PCSPS) (NI). Further information is contained within the Remuneration and Staff Report, which forms a separate part of this document.

## Acceptance of our Recommendations

The Ombudsman seeks to ensure compliance with her recommendations through sharing draft reports and in dialogue with the bodies in remit. In 2018-19 all her recommendations, with the exception of recommendations in 2 separate cases, were accepted by bodies in jurisdiction.

## Disclosure of relevant audit information

The NIPSO external auditor is the Northern Ireland Audit Office (NIAO). So far as the Ombudsman is aware, there is no relevant information of which the NIAO are not aware. The Ombudsman has taken all necessary steps to make herself aware of any relevant audit information, and confirmed that the auditors are aware of that information.

## Complaints and Reviews

The Office has two separate complaints processes in place. The 'service' complaints procedure deals with complaints from any member of the public about the conduct of NIPSO staff, including delay or failure to meet the service standards of the Office. In 2018-19 there were seven service complaints received and two brought forward from 2017-18. Of the two service complaints brought forward both were not upheld. Of the seven service complaints received in 2018-19, two were partially upheld, four were not upheld and one was upheld.

Secondly, there is a separate internal review process for complainants who are unhappy with a decision which has been made in relation to a complaint about public services or in respect of Code complaints. A complainant may ask for a review of a decision not to accept their complaint, or issue(s) of complaint, for investigation.

A request must be made in writing within 20 working days of the date the complainant receives the decision that their complaint, or issue(s) of complaint have not been accepted for investigation. In total my Office received 76 requests for a review of a decision not to accept a complaint for investigation. Of the 76 requests received, 11 were upheld and the cases reopened.

In relation to complaints of maladministration or failures in professional judgment in social care, a complainant cannot use this procedure if the Office has decided not to accept their complaint for investigation on jurisdictional grounds. However, on request, a review of the decision will be completed to ensure that the legislative tests have been correctly applied.

In cases accepted for investigation under the 2016 Act, my Office provides the complainant, the listed authority, and any named person(s) with a copy of the draft report. This affords the parties an opportunity to comment on my findings, conclusions and recommendations before the final report is issued.

Where a complainant remains dissatisfied with the outcome of a review, they may seek a judicial review. In 2018-19 there was one application for judicial review which was not granted by the Court. The decision to refuse leave is on appeal to the Court of Appeal.

## Whistle Blowing

There were no whistle blowing incidents recorded within the reporting period.

## Data Protection and Freedom of Information Obligations

There has been an increase in recent years in requests for access to information under the Data Protection Act (DPA) 2018, the Freedom of Information Act (FOIA) 2000 and the Environmental Information Regulations (EIR) 2004. A number of the requests for information involve 'planning' complaints, which relate to 'environmental information', these fall under the EIR. All Ombudsman investigations are conducted in private and there is a statutory bar on disclosure of 'information obtained' for the purposes of an investigation and a report in the legislation covering the Office. This bar on disclosure has been recognised and upheld by the Information Tribunal. These cases have been useful in clarifying the extent of the application of the statutory bar on disclosure of information.

During the reporting year a number of information related policies were updated to meet the requirements of the new General Data Protection Regulation (GDPR) and the Data Protection Act 2018.

Given the existence of the statutory bar in the Office's legislation and the complex legal obligations that the Ombudsman is subject to under DPA, FOIA and EIR, a Memorandum of Understanding (MOU) was concluded between the former Ombudsman and former Information Commissioner in 2011. This MOU is currently under review and to be updated in the 2019-20 reporting year, in order to reflect GDPR and the 2016 Act.

## ***Statement of Accounting Officer's Responsibilities***

1. Under the Government Resources and Accounts Act (NI) 2001, the Department of Finance has directed the Ombudsman to prepare, for each financial year, resource accounts detailing the resources acquired, held, or disposed of during the year and the use of resources by the Ombudsman during the year. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the NIPSO and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.
2. In preparing the accounts, the Accounting Officer is required to comply with the requirements of the *Government Financial Reporting Manual* and in particular to:
  - observe the Accounts Direction issued by the Department of Finance, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
  - make judgements and estimates on a reasonable basis;
  - state whether applicable accounting standards as set out in the *Government Financial Reporting Manual* have been followed, and disclose and explain any material departures in the accounts;
  - prepare the accounts on a going concern basis; and
  - confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.
3. The Department of Finance has appointed the Ombudsman as Accounting Officer for NIPSO.
4. 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 NIPSO's assets, are set out in *Managing Public Money Northern Ireland*, published by the Department of Finance.
5. As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the NIPSO's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

## **Governance Statement**

### **Introduction**

This governance statement covers the period 1 April 2018 to 31 March 2019 and describes NIPSO's internal control structure and resource management processes. I am a Corporation Sole holding Office under a Royal Warrant. I discharge my functions under the Public Services Ombudsman Act (Northern Ireland) 2016 ('the 2016 Act'). My role in relation to complaints about public services is to impartially and independently investigate complaints of maladministration relating to Government Departments and their agencies, local Councils, health and social care, education and other public service providers. I also investigate complaints about professional judgment in health and social care. I also have jurisdiction in relation to the investigation of complaints of maladministration about the judicial appointments process. I report to the Northern Ireland Assembly on the performance of my Office by means of an Annual Report as required under the provisions of the 2016 Act. The application and commitment of public money allocated to support the work of my Office is reported through the Office's Annual Report and Accounts.

My remit also extends to the investigation and adjudication of complaints of alleged breaches of the Northern Ireland Local Government Code of Conduct ('the Code') as Northern Ireland Local Government Commissioner for Standards.

As Accounting Officer, I have responsibility for maintaining effective governance and a sound system of internal control that supports the achievement of Office policies and strategic objectives. I must also safeguard public funds and the Office's assets for which I am personally responsible, in accordance with the responsibilities assigned to me as Accounting Officer and provided for in *Managing Public Money Northern Ireland*.

In accordance with DAO (DoF) 05/17, issued in December 2017, I have in April 2019 completed a declaration that I remain fit to carry out the Accounting Officer role.

### **Governance Framework**

As a statutory office holder I aim to achieve compliance with the spirit of the '*Corporate Governance in Central Government Departments: Code of Good Practice NI 2013*' ('the 2013 Code') issued by the Department of Finance. I accept the tenets of the 2013 Code as constituting best practice. However, as Corporation Sole I am unable to directly apply the 2013 Code arrangements to my Office. In order to ensure a proportionate and appropriate response to the guidance, I have established a Senior Management Team (SMT) and an Independent Audit and Risk Committee (ARC). I believe that this reflects the principles and best practice contained in the guidance and practical application of the 2013 Code.

I have established a corporate governance framework that sets out, for staff and all stakeholders: the governance structure, how the Office is managed and my accountability for all three statutory functions. During 2018-19 SMT and I conducted a comprehensive review of the Corporate Governance framework document. This updated framework document was reviewed by Internal Audit; it has been finalised and is to be published by July 2019.

I am satisfied that the corporate governance framework and arrangements for the Office

comply with the spirit of the 2013 Code on an appropriate and proportionate basis, so far as it is compatible with my status as a Corporation Sole.

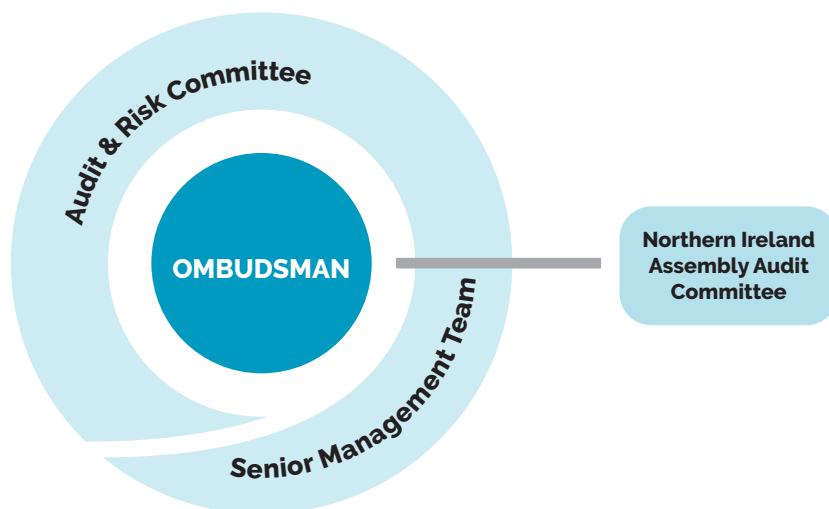
**Governance Structure**

The governance structure of my Office reflects my unique position as a Corporation Sole and the statutory holder of three Offices - Northern Ireland Public Services Ombudsman, Northern Ireland Judicial Appointments Ombudsman and Northern Ireland Local Government Commissioner for Standards. This necessitates a balance between appropriate controls and oversight, whilst preserving my independence.

As Ombudsman I am solely responsible and accountable for the conduct and administration of all the work carried out by my staff and for the decisions made in relation to each complaint received. My decisions and those made by staff under delegated authority are amenable to judicial review. In respect of complaints that a councillor has breached the Code the investigation of complaints has been delegated to my Deputy under delegated authority. The Deputy Commissioner for Standards refers cases to me where he considers it is appropriate to hold an adjudication hearing. Where I find a breach of the Code, I can impose a sanction in any case. The sanction can be censure; suspension (or interim suspension) for a period up to one year, or disqualification. A Councillor may seek leave to appeal to the High Court regarding a decision on sanction.

The governance arrangements that I have established to support each of my statutory functions are illustrated below. They are also set out in a 'Memorandum of Understanding on the Governance and Accountability Arrangements of the Northern Ireland Public Services Ombudsman'<sup>22</sup> agreed in November 2016 between the Northern Ireland Assembly Audit Committee and myself, as the statutory office holder.

**Governance Structure**



<sup>22</sup> This MOU was finalised and agreed by the Assembly Audit Committee on 30 November 2016. Due to the dissolution of the Assembly in January 2017 the MOU has not as yet been formally signed by the Committee Chair and the Ombudsman.

### Northern Ireland Assembly Audit Committee

I am accountable to the Northern Ireland Assembly (when sitting) for the exercise of my functions and must report annually to the Assembly Audit Committee in respect of those functions. This Committee's responsibilities include: examining NIPSO's Estimate and laying it before the Assembly; considering NIPSO's Strategic Plan; examining the NIPSO Annual Report and Accounts and NIAO audit reports thereon.

### Senior Management Team (SMT)

The SMT meets monthly (and more frequently as required) to consider my plans, targets and the strategic direction of my Office using key performance and risk indicators. The SMT Operating Framework and the minutes of its meetings are available on request from the Office. The SMT members in 2018-19 are listed on page 14.

A register of interests is maintained to ensure openness and transparency and that actual or perceived conflicts of interest can be identified and addressed. Where potential conflicts exist they are recorded in the SMT and Audit and Risk Committee minutes, together with any appropriate action taken to address them. There were no conflicts of interest noted by SMT members in relation to agenda items in 2018-19.

Attendance at the twelve SMT meetings held during 2018 -19 was as follows:

Present	24/04/18	17/05/18	21/06/18	19/07/18	15/08/18	20/09/18	18/10/18	15/11/18	09/01/19	17/01/19	28/02/19	20/03/19
Marie Anderson	√	√	√	√	√	√	√	√	√	√	√	√
Paul McFadden	√	√	√	√	√	√	√	√	√	√		√
Michaela McAleer	√	√	√	√	√	√	√	√	√	√	√	√
John McGinnity	√	√			√	√	√	√	√	√	√	√
Claire McIlhatton	√	√		√	√		√	√	√	√	√	√
Sean Martin	√	√	√	√		√	√	√	√	√	√	

In addition, other officers were in attendance at SMT meetings, as required, to contribute to the discussion of agenda item(s).

The SMT operating framework for 2018-19 included the following:

- (i) review, advice and assurance on the Office's strategy and business plan;
- (ii) review and evaluation of financial performance and activity performance against KPIs;
- (iii) review of key policy, governance and accountability areas;
- (iv) review of the progress on NIPSO implementation including new jurisdictions, Own Initiative and Public Interest reporting.
- (v) review of the progress on preparations for the implementation of Complaints Standards Authority (CSA) powers;



- (vi) review of the independent internal auditor's reports, which provide an opinion on the adequacy and effectiveness of the Office's system of internal control together with recommendations for any identified improvements;
- (vii) updates on the Office's quality assurance process with a view to ensuring that those coming into contact with the Office receive the best quality service possible and that all opportunities for internal organisational learning are taken;
- (viii) implementation of EU General Data Protection Regulation (GDPR) and the DPA 2018 ;
- (ix) review and management of identified risks;
- (x) development and delivery of a proactive Communications Strategy as part of NIPSO implementation; and
- (xi) the development and implementation of NIPSO Human Resources policies.

**Audit and Risk Committee**

The current NIPSO Audit and Risk Committee (ARC) was appointed in 2016-17 to support me as Accounting Officer by monitoring the corporate governance, risk management and control systems in the Office.

The Committee fulfils its role by offering objective advice and challenge on issues concerning the risk, control and governance of the Office and associated assurances. The Committee provides reports through the Independent Chair to me and any matters identified in those reports are actioned and dealt with by SMT. The Committee's Terms of Reference are available on request. The Committee also conducts, on a regular basis, a review informed by the recommendations that emerge from the annual Self-Assessment process which is based on a checklist published by the Financial Management and Governance Practice Unit of the National Audit Office. This process also includes a review of the Terms of Reference of the Committee.

The Committee met four times during 2018-19. The attendance at Committee meetings held during 2018-19 was as follows:

Present	26/04/2018	20/06/2018	31/10/2018	31/01/2019
David Best (Chair)	√	√	√	√
John Paul Irvine (Independent Non-Executive Member)	√	√	√	√
Ursula O'Hare (Independent Non-Executive Member)	√	√	√	√

In addition, certain members of NIPSO staff attended, as required, to assist with the discussion of certain agenda items.

Throughout the year the Committee provided effective scrutiny and support to the Office.

At each meeting the Committee considered a number of standing items including:

- (i) review of Office Performance;
- (ii) review of Audit, Accountability and Governance;
- (iii) review of the NIPSO Risk Register;
- (iv) review of NIAO and IA reports, and
- (v) Review of emerging DAO guidance.

In addition to providing me with assurance on the preparation of the Office's Annual Report and Accounts for 2018-19, the Committee considered the findings of two assurance-based audit reports prepared by the out-sourced Director of Internal Audit. These reports were '*Review of corporate governance and risk management*' and '*Review of front of office functions (the Advice, Support Service and Initial Screening Team, including a review of delegated authority)*'. These reports were produced as part of the 2018-19 audit programme, which was agreed in advance by the Committee. A further advisory-based audit is due to be completed in early 2019-20.

In terms of assurance, the Head of Internal Audit has issued an independent opinion on the adequacy and effectiveness of the Office's system of internal control. Based upon the work undertaken during the year, Internal Audit has provided a satisfactory level of assurance in relation to risk management, internal control and governance.

### **The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide a reasonable 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 Office policies, aims and objectives, to evaluate the likelihood of those risks being realised; impact should they be realised; and to manage them efficiently, effectively and economically. The system of internal control was in operation in this Office throughout the year ended 31 March 2019. This extends to the date of approval of the Annual Report and Accounts. It accords with Department of Finance guidance.

### **Capacity to Handle Risk**

As Accounting Officer, I have well established corporate planning and management arrangements to address strategic and operational risk within the Office.

I have a personal statutory authority to undertake investigations in my respective roles of Northern Ireland Public Services Ombudsman, Northern Ireland Judicial Appointments Ombudsman and Northern Ireland Local Government Commissioner for Standards. As Commissioner for Standards I adjudicate on the findings in cases referred to me, having delegated the investigation of all complaints to my Deputy. I therefore have ultimate responsibility for risk management and for making all decisions, taking account of the Office's risk appetite and level of exposure to risk. I am empowered under the 2016 Act to delegate my authority to investigate to members of my staff as appropriate.

The SMT support me in my role by proactively assessing strategic and operational risks which have the potential to adversely affect the performance of the Office. The SMT assess performance against the strategic and business plan objectives, and address risks which must be proactively managed.

The Office has a Risk Policy Framework within which each risk is proactively managed. This includes:

- (i) Embedding risk management throughout the Office to ensure all forms and types of risk are identified.
- (ii) Assigning responsibility for strategic and operational risk to senior staff.
- (iii) Assigning particular responsibility for each risk to a Risk Owner.
- (iv) Testing and confirming risk management arrangements through scheduled reviews of the Corporate Risk Register by both the SMT and the Audit and Risk Committee (ARC).
- (v) Involving Internal Audit and the ARC in the regular review of governance practice and risk management arrangements within the Office.

The SMT continues to identify and review training needs through the established performance appraisal process and Personal Development Plans (PDPs) and ensures members of staff have the required skills and also awareness of governance and risk management as appropriate.

The SMT also regularly examines its compliance with relevant Department of Finance guidance, when issued, particularly in relation to ensuring that providers of Internal Audit services meet the necessary professional standards.

**The Risk and Control Framework**

The Office maintains a Policy Framework for Risk Management, which encompasses both the Risk Policy Statement and Corporate Risk Register. I, with the assistance of SMT, manage risk in a structured manner through the identification, monitoring, management and review of risks. The Risk Register is a standing item on the agenda of the SMT and the Audit and Risk Committee, reflecting the priority afforded to risk management within my Office. The Risk Register captures systematically all relevant risks which may impact on the achievement of each of the five NIPSO strategic objectives. The Register also details the measures in place, or planned, in order to best manage these risks within available resources.

As at the 2018-19 year end the most significant risks facing the Office were assessed to be as follows:

Risk	Key actions (in place/proposed) to manage risk
1. In absence of Assembly, uncertainty over future years' resources and inability to identify and mitigate future financial pressures, leading to an inability to achieve business objectives and to reputational damage.	Meetings and correspondence with the Assembly Audit Committee (when sitting) and Department of Finance to represent a robust case for appropriate funding Regular review of NIPSO costing model to take account of new caseload information and phasing in of new/extended jurisdictions.
2. Increasing case numbers beyond forecast, further threatening achievement of KPIs. (Linked to 4 below)	Application of the Policy on the Assessment and Investigation of cases. NIPSO procedural manual, issued April 2017 with provision for regular updates to reflect and promote continuous process improvement, efficiency and learning. Weekly monitoring of case workflow. Early engagement with bodies in jurisdiction to stem the flow of complaints reaching NIPSO and seeking earliest possible settlement/alternative action.
3. The absence of a functioning Assembly for budget approval and accountability purposes and for the consideration of Ombudsman's reports and recommendations.	Continuing adherence to the principles of the MOU between NIPSO and the Assembly Audit Committee on governance and accountability arrangements. Established Corporate Governance framework, incorporating SMT, internal audit, external audit and an audit & risk committee

<p>4. Due to turnover and unavailability of short term staff, insufficient trained and experienced staff to meet the requirement to complete casework to Office standards of timeliness and quality.</p>	<p>Administer recruitment process optimally to ensure that appropriate staffing levels are maintained within the Office in response to workload forecasts, within available resource constraints. Establish clear KPIs; provide all added value casework training; prepare and appraise personal performance agreements and PDPs. Develop and deliver excellent induction programs and staff retention strategies.</p>
<p>5. Internal impact of current and impending jurisdictional changes, including Own Initiative. Public Interest reporting and CSA on organisational development, resilience and capacity.</p>	<p>Provision of regular staff training events and constant communication with staff on the evolving implications of Own Initiative, Public Interest reporting and CSA. Ensure effective and continuous internal communication so that all staff are aware of progress across new NIPSO initiatives and the linkages between them.</p>
<p>6. Failure to effectively communicate key new NIPSO roles, including Public Interest reporting and learning from complaints, to main stakeholders.</p>	<p>Communication Strategy and Plan. Programme of outreach to stakeholders. Development and issue of investigation reports that clearly identify all learning opportunities and the recommended actions to avail of them. Engagement with the Assembly (when sitting), DoF, other Ombudsmen (shared service arrangements) and other relevant stakeholders and with public service providers on best methods of pooling resources and sharing best practice.</p>

In addition to the established Policy and Framework for Risk Management, my Office has a robust system of internal control. These controls include maintaining appropriate methodologies, principles and policies for the Office and a Code of Conduct. All Office manuals and practice notes provide detail on a range of control issues, such as operational and financial procedures and delegated authorities. A Code of Conduct setting out the standards expected of my staff was issued in February 2017. An office Conflicts of Interest Policy was also developed. Also, an anti-fraud policy and response plan, and a whistle blowing policy to enable staff to report concerns over any aspect of the Office's business were both reviewed, updated and issued in September 2017. All staff must adhere to and comply with relevant policies and procedures.

Additional procedures developed to enhance this system of internal control(s) include:

- (i) The SMT, which I chair, comprises the Deputy Ombudsman, Directors of Investigations and the Director of Finance and Corporate Services. SMT meets monthly to consider, plan and review the performance and strategic direction of the Office.
- (ii) An Annual Report is prepared by the Chairman of the Audit and Risk Committee assessing the work and effectiveness of the Committee.
- (iii) Strategic and business planning processes evaluate past performance against Business Plan targets and sets forward plans and targets.
- (iv) Regular reviews by the independent internal auditors on compliance with standards defined in the Public Sector Internal Audit Standards, which provide an opinion on the adequacy and effectiveness of the Office's system of internal control, together with recommendations for any identified improvements.
- (v) Annual review by the Audit and Risk Committee of Internal Audit plans,

including risk assessment and regular meetings to receive and review reports from the Internal and External Auditors of the internal controls.

- (vi) Performance and risk indicators were established and are reviewed annually.
- (vii) Staff Appraisals linked to the annual business plan, individual KPIs and training needs.
- (viii) Completion of individual Stewardship Statements by SMT members.

### **Information Assurance**

The security and appropriate management of information is an area of high risk and considerable work has been undertaken in 2018-19 to manage the risk. The Office has a full suite of information related policies. Information Management strategies and policies are referred to in the recently revised and updated Governance Framework of the Office. These were robustly assessed, monitored and reviewed to ensure that information used for investigations and for reporting purposes is protected and appropriately categorised in accordance with legal requirements including the DPA, FOIA and EIR. The Information Acts, together with the relevant statutory Codes of Practice, are the relevant legal framework applicable during the reporting period. Any member of staff who breaches Office policy may be subject to disciplinary action where that is considered appropriate after investigation. In addition, a breach of confidentiality may result in termination of a service arrangement contract or data processor (such as a service provider).

As required by legislation, I have also appointed a DPO, I have overseen the implementation from May 2018 of the EU's General Data Protection Regulation (GDPR) and the DPA 2018. This has included a review and update of the set of information assurance policies and the Office Retention and Disposal Schedule.

### **Budget Position**

During the year my Finance and Corporate Services staff have liaised with DOF in the course of monitoring rounds and as required in establishing my budgetary needs.

### **Review of Effectiveness**

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control.

My review is informed by the work of the internal auditors and the SMT. The SMT has responsibility within the Office for the development and maintenance of the internal control framework, and is also responsible for responding to comments made by the external auditors in their 'Report to those charged with Governance' and other reports. I have received assurance from SMT on the implications of the result of my review of the effectiveness of the system of internal control. The Audit and Risk Committee (ARC) offers advice and comments on the audits conducted by the Northern Ireland Audit Office and by independent Internal Auditors. I am committed to addressing any governance weaknesses, and to introducing any enhancements or improvements identified through these processes, in order to ensure continuous improvement in delivery of the strategic and business plan objectives of the Office.

Having given detailed consideration to the recommendations made by Internal Audit, and reviewing them against criteria outlined in *Managing Public Money Northern Ireland*,

I have formed the view that no significant internal control weaknesses have been identified for the period 2018-19. All the recommendations made were to enhance established systems or procedures in order to support the achievement of best practice. Responsibility for the actions required to implement each recommendation that has been made has been assigned to an individual senior member of staff, along with the expected target date for their implementation. This action plan is reviewed by the SMT and reported to the Audit and Risk Committee.

As Accounting Officer, I am satisfied that:

- (i) Strategies and policies to achieve the operational objectives of the Office are developed, implemented and reviewed;
- (ii) Appropriate strategies and policies are implemented in all aspects of the Office's operations;
- (iii) Good quality services are delivered efficiently and effectively within available resources;
- (iv) Performance is regularly and rigorously monitored and effective measures are put in place to address any poor performance identified;
- (v) Legislation, regulations and relevant Codes of Practice are complied with;
- (vi) Information used by the Office is secure, relevant, accurate, up-to-date, timely and reliable;
- (vii) Financial statements and other corporate information published by my Office are accurate and reliable;
- (viii) Financial resources are managed efficiently and effectively and are safeguarded;
- (ix) Human and other resources are appropriately managed and safeguarded; and
- (x) All Northern Ireland Audit Office and Internal Audit recommendations have been or are being addressed by my Office.

### **Significant Internal Control Weakness**

I am pleased to report that there were no significant weaknesses in the Office's system of internal controls in 2018-19 that affected the achievement of the Office's strategic objectives, business plan targets and good governance.

### **Personal Data Incidents**

There was one personal data incident formally reported to the Information Commissioner's Office during 2018-19. The Information Commissioner concluded that there was no further action required in this instance.

### **Event after the Reporting Period**

On 3 May 2019 the Secretary of State announced her intention to recommend the current Ombudsman's appointment as the new Police Ombudsman for Northern Ireland. NIPSO is urgently taking legal advice on and considering the short to medium term implications of this event for the delivery of NIPSO's statutory functions, and is developing appropriate contingency measures, whilst succession arrangements are developed and put in place.

## Remuneration and Staff Report

### ***Remuneration Report***

This remuneration and staff report sets out NIPSO's remuneration policy for the Senior Management Team, reports on how that policy has been implemented and sets out the amounts paid to SMT members in the reporting year. The report provides details on remuneration and staff that the Assembly and other stakeholders see as key to accountability.

### ***Remuneration Policy***

The 2016 Act provides for appointment of the Northern Ireland Public Service Ombudsman which is a Crown appointment made on the nomination of the Northern Ireland Assembly. As the Northern Ireland Public Services Ombudsman, I am appointed for a single term of seven years. As an office holder I can be removed by a resolution of the Northern Ireland Assembly supported by at least two thirds of the total number of seats in the Assembly. The 2016 Act provides for my remuneration, associated pension and national insurance contributions to be charged directly to and issued out of the Consolidated Fund for Northern Ireland, rather than out of NIPSO's Estimate. The remuneration, including associated pension and national insurance contributions, are disclosed in Note 3.1 to the Accounts on page 52.

### ***Service Contracts***

#### **Senior Management Team**

The 2016 Act provides that the Ombudsman may appoint staff and that these staff be appointed at such remuneration and on such other terms and conditions as I shall determine. This requirement is subject to my having regard to the desirability of keeping the terms and conditions of employment, salary and pensions broadly in line with those applying to persons employed in the Northern Ireland Civil Service.

All appointments to SMT were made by the Northern Ireland Public Service Ombudsman on the basis of fair and open competition.

Unless otherwise stated the staff and officers covered by this report hold appointments which are open-ended. An early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

#### **Remuneration and Pension entitlements**

The following sections provide details of the remuneration and pension interests of myself as Ombudsman and my SMT.

## Remuneration of the Ombudsman (audited Information)

Ombudsman	2018-2019				2017-2018			
	Salary £'000	Benefits in kind (to nearest £100)	Pension Benefits* (to nearest £1000)	Total (£'000)	Salary £'000	Benefits in kind (to nearest £100)	Pension Benefits (to nearest £1000)	Total (£'000)
Mrs Marie Anderson	95-100	-	36,000	130-135	90-95	-	36,000	125-130

The Ombudsman received no benefits in kind during the period under review.

## Senior Management Remuneration (audited information)

Officials	2018-2019				2017-2018			
	Salary £'000	Benefits in kind (to nearest £100)	Pension Benefits (to nearest £1000)*	Total (£'000)	Salary £'000	Benefits in kind (to nearest £100)	Pension Benefits (to nearest £1000)	Total (£'000)
Mr Paul McFadden Deputy Ombudsman	70-75	-	28,000	100-105	65-70	-	27,000	95-100
Mrs Michaela McAleer Director	50-55	-	21,000	75-80	50-55	-	21,000	75-80
Mrs Claire McIlhatton Director	30-35 (50-55 FTE^)	-	14,000	45-50 (65-70 FTE^)	30-35 (50-55 FTE^)	-	12,000	45-50 (65-70 FTE^)
Mr John McGinnity Director	50-55	-	7,000	60-65	50-55	-	1,000	55-60
Mr Sean Martin Director	50-55	-	22,000	70-75	45-50	-	19,000	65-70
Ms Jacqueline O'Brien Director (until 30 September 2017)	-	-	-	-	25-30 50-55 FYE#)	-	1,000	30-35 (55-60 FYE#)

\*The value of pension benefits accrued during the year is calculated as: (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases include those due to inflation or any increase or decreases due to a transfer of pension rights.

^ FTE = Full Time Equivalent

### Salary

'Salary' includes: gross salary; overtime; recruitment and retention allowances; private Office allowances and any other allowance to the extent that it is subject to UK taxation and any ex gratia payments.

### Benefits in kind

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. No Officials received benefits in kind.



**Review of Fair Pay (audited information)**

	<b>2018-19</b>	<b>2017-18</b>
Band of Highest Paid earner Total Remuneration* (£000)	95-100	90-95
Median Total Remuneration*(£)	32,716	31,170
Ratio	2.98	2.95

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

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid earner in their organisation and the median remuneration of the organisation's workforce. NIPSO' workforce, other than the Ombudsman who is a crown appointee, comprises direct recruits, staff seconded from the Northern Ireland Civil Service (NICS) and from other public bodies. The remuneration of all staff including those seconded from outside the NICS is reflected within the calculation.

The banded remuneration of the highest-paid earner in NIPSO in the financial year 2018-19 was £95k-100k (2017-18, £90k-£95k). This was 2.98 times (2017-18, 2.95) the median remuneration of the workforce, which was £32,716 (2017-2018 £31,170). The Office's highest paid earner is the Ombudsman, who is also the Accounting Officer. However, as noted on page 27, the remuneration of the Ombudsman is met from the Consolidated Fund.

In 2018-19, no employees (2017-18, Nil) received remuneration in excess of the highest-paid earner.

The remuneration of staff ranged from £22,720 to £74,748 (2017-18: £17,526- £71,107).

**Remuneration of the Audit and Risk Committee's Independent Chair and Independent Non-Executive Members.**

The following non pensionable payments, based on daily rates, were paid to the Independent Chairperson and Independent Non-Executive Members.

	<b>2018-19 £'s</b>	<b>2017-18 £'s</b>
David Best (Independent Chairperson)	2,130	2,280
John Paul Irvine (Independent Non-Executive Member)	900	1,200
Ursula O'Hare (Independent Non-Executive Member)	1,200	900

Further information about the NIPSO Audit and Risk Committee is detailed within the Governance Statement.

## Pension Entitlements (audited information)

### Pension Benefits of the Ombudsman (audited information)

Ombudsman	Accrued pension at pension age as at 31/3/19 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/19	CETV at 31/3/18	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
Mrs Marie Anderson Ombudsman	15-20	0-2.5	298	247	24	-

### Pension Entitlements of Senior Management (audited information)

Officials	Accrued pension at pension age as at 31/3/19 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/19	CETV at 31/3/18	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
Mr Paul McFadden Deputy Ombudsman	0-5	0-2.5	44	23	11	-
Mr John McGinnity Director	15-20 plus lump sum of 45-50	0-2.5 plus lump sum 0-2.5	341	305	6	-
Mr Sean Martin Director	0-5	0-2.5	44	26	12	-
Mrs Claire McIlhatton Director	0-5	0-2.5	36	23	9	-
Mrs Michaela McAleer Director	0-5	0-2.5	31	16	9	-

### Northern Ireland Civil Service (NICS) Pension Schemes

Pension benefits are provided through the Northern Ireland Civil Service pension schemes which are administered by Civil Service Pensions (CSP).

The alpha pension scheme was introduced for new entrants from 1 April 2015. The alpha scheme and all previous scheme arrangements are unfunded with the cost of benefits met by monies voted each year. The majority of existing members of the classic, premium, classic plus and nuvos pension arrangements also moved to alpha from that date. Members who on 1 April 2012 were within 10 years of their normal pension age did not move to alpha and those who were within 13.5 years and 10 years of their normal

pension age were given a choice between moving to alpha on 1 April 2015 or at a later date determined by their age. Alpha is a 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The rate is 2.32%.

New entrants joining can choose between membership of alpha or joining a 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account).

New entrants joining on or after 30 July 2007 were eligible for membership of the nuvos arrangement or they could have opted for a partnership pension account. Nuvos is also a CARE arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current rate is 2.3%.

Staff in post prior to 30 July 2007 may be in one of three statutory based 'final salary' defined benefit arrangements (classic, premium and classic plus). From April 2011, pensions payable under classic, premium, and classic plus are reviewed annually in line with changes in the cost of living. New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of premium or joining the partnership pension account.

All pension benefits are reviewed annually in line with changes in the cost of living. Any applicable increases are applied from April and are determined by the Consumer Prices Index (CPI) figure for the preceding September. The CPI in September 2018 was 2.4% and HM Treasury has announced that public service pensions will be increased accordingly from April 2019.

Employee contribution rates for all members for the period covering 1 April 2019 – 31 March 2020 are as follows:

**Scheme Year 1 April 2019 to 31 March 2020**

<b>Annualised Rate of Pensionable Earnings (Salary Bands)</b>		<b>Contribution rates – All members</b>
<b>From</b>	<b>To</b>	<b>From 01 April 2019 to 31 March 2020</b>
£0	£ 23,500.99	4.6%
£23,501.00	£54,500.99	5.45%
£54,501.00	£150,000.99	7.35%
£150,001.00 and above		8.05%

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 as per classic.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee. 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 0.5% 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 their scheme pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. Scheme Pension age is 60 for members of **classic**, **premium**, and **classic plus** and 65 for members of **nuvos**. The normal scheme pension age in alpha is linked to the member's State Pension Age but cannot be before age 65. Further details about the NICS pension schemes can be found at the website <https://www.finance-ni.gov.uk/topics/working-northern-ireland-civil-service/civil-service-pensions-ni>.

### 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 NICS pension arrangements. 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 in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2015 and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### Real increase in CETV

This reflects the increase in CETV 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. However, the real increase calculation uses common actuarial factors at the start and end of the period so that it disregards the effect of any changes in factors and focuses only on the increase that is funded by the employer.

**Compensation for loss of Office**

There was no compensation for loss of Office recorded for NIPSO in the period under review and therefore no compensation paid.

**Temporary Staff**

In 2018-19, the Office paid £25,941 (2017-18: £20,700) for temporary staff.

## Staff Report

### Staff numbers and related costs (audited information)

Staff costs comprise:

			2018-19	2017-18
			£000	£000
	Permanently employed staff	Others	Total	Total
Wages and salaries	1,412	23	1,435	1,265
Social security costs	143	2	145	125
Other pension costs	308	1	309	268
<b>Sub Total</b>	<b>1,863</b>	<b>26</b>	<b>1,889</b>	<b>1,658</b>
Less recoveries in respect of outward secondments	48	-	48	-
Total net costs	<b>1,815</b>	<b>26</b>	<b>1,841</b>	<b>1,658</b>

The Northern Ireland Civil Service main pension schemes are unfunded multi-employer defined benefit schemes but NIPSO is unable to identify its share of the underlying assets and liabilities. The Government Actuary's Department (GAD) is responsible for carrying out scheme valuations. The Actuary reviews employer contributions every four years following the scheme valuation. The 2012 scheme valuation was completed by GAD in February 2015. The outcome of this valuation was used to set the level of contributions for employers from 1 April 2015 to 31 March 2019.

For 2018-19, employers' contributions of £308,529 were payable in respect of NICS pensions (2017-18 £253,245) at one of three rates in the range 20.8% to 26.3% of pensionable pay, based on salary bands.

Work was completed on the 2016 valuation, based on the position as at 31 March 2016. The outcome of this scheme valuation informed employer contribution rates for 2019-20. Employer contribution rates payable will range from 28.7% to 34.2% of pensionable pay, based on salary bands. This change is primarily due to the reduction in the SCAPE discount rate (as announced at Budget 2018) to 2.4% pa above CPI. The contribution rates are set to meet the cost of the benefits accruing during 2019-20 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £Nil (2017-18 £Nil) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% (2017-18 8% to 14.75%) of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £Nil, 0.5% (2017-18 £Nil, 0.5%) of pensionable pay, were payable to the NICS Pension schemes to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

No members of staff (2017-18: Nil) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £Nil (2017-18: £Nil).

**Average number of persons employed (audited information)**

The average number of whole-time equivalent persons employed during the year was as follows.

			2018-19 Number	2017-18 Number
	Permanent staff	Others	Total	Total
Total	37	1	38	35

**Reporting of Civil Service and other compensation schemes- exit packages**

NIPSO did not incur any exit package costs in the year under review (2017-18 £nil).

**Staff Numbers as at 31 March 2019 (audited information)**

	Male	Female	Total
Ombudsman/Deputy Ombudsman	1	1	2
Other Senior Management Team	2	2	4
Other Staff	13	27	40
<b>Total</b>	<b>16</b>	<b>30</b>	<b>46</b>

**Absence Data**

Sickness absence data for 2018-19 is as follows:

Working Days lost 2018-19	Average days lost per WTE member of staff	Absence Rate 2018-19 %
177	4.7	2.2%

The above figures are based on information available as at 31 March 2019. This absence rate represents a significant reduction from the 4.8% (10.6 days per WTE employee) recorded in 2017-18.

**Staff Policies and Other Employee Matters**

By virtue of the Public Services Ombudsman Act 2016 ("the 2016 Act"), the Ombudsman can appoint staff, determine the terms and conditions of their employment, and make arrangements in respect of salary and pensions for them. Furthermore, as stated in the 2016 Act (Sch 1, para 15[2]) *'the Ombudsman must have regard to the desirability of keeping the terms and conditions of employment, salary and pensions broadly in line with the civil service of Northern Ireland.'* Consequently, a comprehensive suite of HR policies has been developed to satisfy this requirement and fully in accordance with current employment legislation.

NIPSO applies the recruitment principles as set out in the NIPSO Recruitment and Selection Policy and Procedure, appointing candidates on the basis of merit. Relevant

recruitment and selection training is mandatory for all individuals involved in recruitment and selection of staff.

NIPSO carries out its statutory obligations under fair employment legislation, including the annual monitoring return and triennial Article 55 submission.

NIPSO is committed to providing and promoting equality of opportunity. All staff, irrespective of their employment status and job applicants (actual or potential) are treated fairly and decisions about recruitment and selection, promotion, training or any other benefit are made fairly and reasonably, without unlawful discrimination.

NIPSO endeavours to ensure that its workplace and employment policies and practices do not unreasonably exclude or disadvantage those job applicants and employees who have disabilities. To this end, NIPSO complies with the duty that is imposed on it to make reasonable adjustments in relation to such persons.

NIPSO also recognises that learning and development is an investment and not purely a cost, and it is therefore committed to the fullest possible development of all its staff. NIPSO offers a wide range of development opportunities through on the job learning, self-managed learning, deployment opportunities, group learning and external trainer-led interventions.

NIPSO also works closely with elected Trade Union and employee representatives in all matters relating to its staff.



## Assembly Accountability and Audit Report

### Statement of Assembly Supply

In addition to the primary statements prepared under IFRS, the Government Financial Reporting Manual (FReM) requires the Northern Ireland Public Services Ombudsman to prepare a Statement of Assembly Supply (SOAS) and supporting notes to show resource outturn against the Supply Estimate presented to the Assembly, in respect of each request for resources.

The SoAS and related notes are subject to audit.

#### Summary of Resource Outturn 2018-19

		2018-19 £000 Estimate			Outturn			2017-18 £000 Outturn	
Request for Resources	Note	Gross Expenditure	Accruing Resources	Net Total	Gross Expenditure	Accruing Resources	Net Total	Net Total outturn compared with estimate: saving/(excess)	Net Total
A	SOAS1	2,673	51	2,622	2,639	48	2,591	31	2,378
Total resources	SOAS2	<b>2,673</b>	<b>51</b>	<b>2,622</b>	<b>2,639</b>	<b>48</b>	<b>2,591</b>	<b>31</b>	<b>2,378</b>
Non-operating cost AR		-	-	-	-	-	-	-	-

#### Net cash requirement 2018-19

	Note	Estimate	Outturn	2018-19 £000 Net total outturn compared with estimate: saving/(excess)	2017-18 £000 Outturn
Net cash requirement	SOAS3	2,687	2,621	66	2,301

#### Summary of income payable to the Consolidated Fund

In addition to accruing resources, the following income relates to the Northern Ireland Public Services Ombudsman and is payable to the Consolidated Fund (cash receipts being shown in italics)

	Note	Forecast 2018-19 £000		Outturn 2018-19 £000	
		Income	Receipts	Income	Receipts
Total	SOAS4	2	6	<b>10</b>	6

Explanations of variances between Estimate and Outturn are given in Note SOAS1 and in the Performance Report.

The notes on pages 48 to 58 form part of these accounts

## Northern Ireland Public Services Ombudsman

### SOAS1 Analysis of net resource outturn by function

2018-19							2017-18			
£000							£000			
Outturn							Estimate			Prior-year outturn
Admin	Other current	Grants	Gross resource expenditure	Accruing resources	Net Total	Net Total	Net Total outturn compared with Estimate	Net Total outturn compared with Estimate, adjusted for virements		
<b>Request for resources A:</b>										
Investigation and Adjudication	-	2,625	-	2,625	48	2,577	2,608	(31)	(31)	2,364
Notional charges	-	14	-	14		14	14	-	-	14
<b>Resource Outturn</b>	<b>-</b>	<b>2,639</b>	<b>-</b>	<b>2,639</b>	<b>48</b>	<b>2,591</b>	<b>2,622</b>	<b>(31)</b>	<b>(31)</b>	<b>2,378</b>

#### Request for resources A

The net resource outturn equalled £2,591 million, £31k less than the Estimate, a variance of 1.18%.

Further explanation of the variance is given in the Performance Report.

### Key to Request for Resources and Functions

#### Request for resources A

Investigating complaints about government departments and public and local authority bodies; support the work of other UK Public Sector Ombudsman Offices; and the establishment of an investigative and adjudication resource for local government ethical standards.

### SOAS2 Reconciliation of outturn to net operating cost

	Note	2018-19 £000 Outturn	2018-19 £000 Supply Estimate	2018-19 £000 Outturn compared with Estimate	2017-18 £000 Outturn
Net Resource Outturn	SOAS1	2,591	2,622	(31)	2,378
Non-supply income (CFERs)	SOAS4	(2)	-	(2)	(10)
Non-supply expenditure		132	133	(1)	130
Net operating cost in Statement of Comprehensive Net Expenditure		<b>2,721</b>	2,755	(34)	2,498

### SOAS3 Reconciliation of net resource outturn to net cash requirement

	Note	Estimate £000	Outturn £000	Net total outturn compared with estimate: saving/(excess) £000
<b>Resource Outturn</b>	SOAS1	2,622	2,591	31
<b>Capital</b>				
Acquisition of intangible assets	7	100	84	16
<b>Accruals to cash adjustments:</b>				
<i>Adjustments to remove non-cash items:</i>				
Depreciation and amortisation	3.1	(21)	(18)	(3)
Other non-cash items	3.1	(14)	(14)	-
<i>Adjustments to reflect movements in working balances:</i>				
Increase in receivables	10	6	13	(7)
(Increase) in payables falling due with one year	11	(6)	(35)	29
<b>Net cash requirement</b>		<b>2,687</b>	<b>2,621</b>	<b>66</b>

### SOAS4 Income payable to the Consolidated Fund

NIPSO had **£1,514.02** of other non-retainable income and receipts not classified as AR, which is payable to the Consolidated Fund. There was no other non-retainable income or receipts recorded in NIPSO's Main 2018-2019 Estimate.

#### SOAS4.1 Analysis of income payable to the Consolidated Fund

In addition to Accruing Resources, the following income relates to the department and is payable to the Consolidated Fund (cash receipts being shown in italics)

	Note	Forecast 2018-19 £000		Outturn 2018-19 £000	
		Income	Receipts	Income	Receipts
Operating income and receipts – excess Accruing Resources		-	-	10	6
Other operating income and receipts not classified as Accruing Resources	5	2	6	-	-
<b>Total income payable to the Consolidated Fund</b>		<b>2</b>	<b>6</b>	<b>10</b>	<b>6</b>

### SOAS5 Reconciliation of income recorded within the Statement of Comprehensive Net Expenditure to operating income payable to the Consolidated Fund

	Note	2018-19 £000	2017-18 £000
Operating income	5	50	10
Income Authorised to be used as Accruing Resources		(48)	-
<b>Operating income payable to the Consolidated Fund</b>	<b>SOAS4</b>	<b>2</b>	<b>10</b>

### SOAS6 Non-operating income – Excess Accruing Resources

NIPSO had no Non-operating income – Excess Accruing Resources for the period ending 31 March 2019 (31 March 2018-Nil)

The notes on pages 48 to 58 form part of these accounts

## Northern Ireland Public Services Ombudsman

### *Other Assembly Accountability Disclosures*

i. **Losses and Special Payments**

NIPSO did not incur any losses within the period under review. NIPSO did not make any special payments during the period under review.

ii. **Fees and Charges**

NIPSO did not incur any fees or charges and received no income for fees or charges during the period under review.

iii. **Remote Contingent Assets and Liabilities**

All NIPSO contingent assets and liabilities have been disclosed at notes 12 and 13.

In addition to contingent liabilities and contingent assets reported within the meaning of International Accounting Standard (IAS) 37 the Office is required to report liabilities and assets for which the likelihood of economic benefit in settlement is too remote to meet the definition of a contingent liability or contingent asset. NIPSO has no such liabilities or assets.



**Marie Anderson**  
**Accounting Officer**

**26 June 2019**

## Northern Ireland Public Services Ombudsman

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

#### Opinion on financial statements

I certify that I have audited the financial statements of the Northern Ireland Public Services Ombudsman for the year ended 31st March 2019 under the Government Resources and Accounts Act (Northern Ireland) 2001. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including significant accounting policies. These financial statements have been prepared under the accounting policies set out within them.

I have also audited the Statement of Assembly Supply, and the related notes, and the information in the Accountability Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of the Northern Ireland Public Services Ombudsman's affairs as at 31st March 2019 and of its net operating expenditure for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance directions issued thereunder.

#### Opinion on regularity

In my opinion, in all material respects:

- the Statement of Assembly Supply properly presents the outturn against voted Assembly control totals for the year ended 31st March 2019 and shows that those totals have not been exceeded; and
- the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

#### Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of this certificate. My staff and I are independent of the Northern Ireland Public Services Ombudsman in accordance with the ethical requirements of the Financial Reporting Council's Revised Ethical Standard 2016, and have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinions.

#### Other Information

The Accounting Officer is responsible for the other information. The other information comprises the information included in the annual report other than the financial statements, the parts of the Accountability Report described in the report as having been audited, and my audit certificate and report. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

### **Opinion on other matters**

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Department of Finance directions made under the Government Resources and Accounts Act (Northern Ireland) 2001; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Responsibilities of the Accounting Officer for the financial statements**

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

### **Auditor's responsibilities for the audit of the financial statements**

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001.

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

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the Statement of Assembly Supply properly presents the outturn against voted Assembly control totals and that those totals have not been exceeded. I am also required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### **Matters on which I report by exception**

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

- adequate accounting records have not been kept; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with the Department of Finance's guidance.

## Report

I have no observations to make on these financial statements.



*KJ Donnelly  
Comptroller and Auditor General  
Northern Ireland Audit Office  
106 University Street  
Belfast  
BT7 1EU*

*27 June 2019*

## Northern Ireland Public Services Ombudsman

## Financial Statements

*Statement of Comprehensive Net Expenditure for the year ended 31 March 2019*

This account summarises the expenditure and income generated and consumed on an accruals basis. It also includes other comprehensive income and expenditure, which include changes to the values of non-current assets and other financial instruments that cannot be recognised as income or expenditure.

		2018-19	2017-18
		£000	£000
	Note		
Other operating income	5	(50)	(10)
<b>Total Operating Income</b>		<b>(50)</b>	<b>(10)</b>
Staff expenditure	3	1,889	1,658
Purchase of goods and services	3.1	718	692
Depreciation and impairment charges	3.1	18	14
Consolidated fund standing services	3.1	132	130
Other operating expenditure	3.1	14	14
<b>Total Operating Expenditure</b>		<b>2,771</b>	<b>2,508</b>
Net Operating Expenditure	SOA2	<b>2,721</b>	<b>2,498</b>
<b>Comprehensive Net Expenditure for the year ended 31 March 2019</b>		<b>2,721</b>	<b>2,498</b>



## Northern Ireland Public Services Ombudsman

### Statement of Financial Position as at 31 March 2019

This statement presents the financial position of the Northern Ireland Public Service Ombudsman. It comprises three main components: assets owned or controlled; liabilities owed to other bodies; and equity, the remaining value of the entity.

		2019	2018
		£000	£000
	Note		
<b>Non-current assets</b>			
Property, plant and equipment	6	11	24
Intangible assets	7	81	2
<b>Total non-current assets</b>		<u>92</u>	<u>26</u>
<b>Current assets</b>			
Trade and other receivables	10	84	75
Cash and cash equivalents	9	18	11
<b>Total current assets</b>		<u>102</u>	<u>86</u>
<b>Total assets</b>		<u><b>194</b></u>	<u><b>112</b></u>
<b>Current liabilities</b>			
Trade and other payables	11	(157)	(119)
<i>Total current liabilities</i>		<u>(157)</u>	<u>(119)</u>
Total assets less current liabilities		<u><b>37</b></u>	<u><b>(7)</b></u>
<b>Non-current liabilities</b>			
<b>Total non-current liabilities</b>		<u>-</u>	<u>-</u>
<b>Total assets less total liabilities</b>		<u><b>37</b></u>	<u><b>(7)</b></u>
<b>Taxpayers' equity &amp; other reserves:</b>			
General fund		27	(17)
Revaluation reserve		10	10
<b>Total equity</b>		<u><b>37</b></u>	<u><b>(7)</b></u>

*Marie Anderson*

**Marie Anderson**  
**Accounting Officer**

**26 June 2019**

## Northern Ireland Public Services Ombudsman

### Consolidated Statement of Cash Flows for year ended 31 March 2019

The Statement of Cash Flows shows the Changes in cash and cash equivalents of the Northern Ireland Public Services Ombudsman during the reporting period. The statement shows how NIPSO generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of service costs and the extent to which these operations are funded by way of income from the recipients of services provided by NIPSO. Investing activities represent the extent to which cash inflows and outflows have been made for resources which are intended to contribute to NIPSO's future public service delivery.

		2018-19	2017-18
		£000	£000
	Note		
<b>Cash flows from operating activities</b>			
Net operating cost		(2,721)	(2,498)
Adjustments for non-cash transactions	3.1	32	27
(Increase)/Decrease in trade and other receivables	10	(9)	12
<i>less movements in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>		-	-
Increase in trade and other payables	11	38	51
<i>less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>	11	(4)	(3)
<b>Net cash outflow from operating activities</b>	<b>SOAS3</b>	<b>(2,664)</b>	<b>(2,411)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	6	-	(15)
Purchase of intangible assets	7	(84)	-
<b>Net cash outflow from investing activities</b>	<b>SOAS3</b>	<b>(84)</b>	<b>(15)</b>
<b>Cash flows from financing activities</b>			
From the Consolidated Fund (Supply) – current year		2,633	2,295
From the Consolidated Fund (Non-Supply)		132	130
<b>Net Financing</b>		<b>2,765</b>	<b>2,425</b>
<b>Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund</b>		<b>17</b>	<b>(1)</b>
Payments of amounts due to the Consolidated Fund		(10)	-
<b>Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund</b>		<b>7</b>	<b>(1)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>9</b>	<b>11</b>	<b>12</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>9</b>	<b>18</b>	<b>11</b>

## Northern Ireland Public Services Ombudsman

### Consolidated Statement of Changes in Taxpayers' Equity for the year ended 31 March 2019

This statement shows the movement in the year on the different reserves held by the Northern Ireland Public Services Ombudsman, analysed into 'general fund reserves' (i.e. those reserves that reflect a contribution from the Consolidated Fund). The Revaluation Reserve reflects the change in asset values that have not been recognised as income or expenditure. The General Fund represents the total assets less liabilities of the Northern Ireland Public Services Ombudsman, to the extent that the total is not represented by other reserves and financing items.

	Note	General Fund	Revaluation Reserve	Taxpayer's Equity
		£000	£000	£000
<b>Balance at 31 March 2017</b>		<b>44</b>	<b>12</b>	<b>56</b>
Net Assembly Funding		2,306	-	2,306
Consolidated Fund Standing Services		130	-	130
Supply (payable)/receivable adjustment		(5)	-	(5)
CFERS payable to the Consolidated Fund		(10)	-	(10)
Comprehensive Net Expenditure for the Year		(2,498)	-	(2,498)
Auditors' Remuneration	3.1	12	-	12
Welfare Support	3.1	2	-	2
Transfers between reserves		2	(2)	-
<b>Balance at 31 March 2018</b>		<b>(17)</b>	<b>10</b>	<b>(7)</b>
Net Assembly Funding		2,637	-	2,637
Consolidated Fund Standing Services		132	-	132
Supply (payable)/receivable adjustment		(16)	-	(16)
CFERS payable to the Consolidated Fund		(2)	-	(2)
Comprehensive Net Expenditure for the Year		(2,721)	-	(2,721)
Auditors' Remuneration	3.1	12	-	12
Welfare Support	3.1	2	-	2
Transfers between reserves		-	-	-
<b>Balance at 31 March 2019</b>		<b>27</b>	<b>10</b>	<b>37</b>



### 1.5 *Leases*

Operating lease rentals are charged to the operating cost statement on a straight line basis over the term of the lease.

### 1.6 *Value Added Tax*

NIPSO can recover input VAT on purchases. Amounts are stated net of VAT. No services are provided on which output VAT is chargeable.

### 1.7 *Administration and programme expenditure*

NIPSO is a wholly independent body. As a result, for budget purposes, income and expenditure is categorised as Programme. Following guidance provided by the Department of Finance for Resource Accounting under FReM, to provide consistency with previous years' Resource Accounts and other Northern Ireland Departments, NIPSO has been requested to continue to classify its income and expenditure in the Statement of Comprehensive Net Expenditure as Administration.

### 1.8 *Pensions*

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) (NI). This is a defined benefit scheme, which is unfunded. NIPSO recognises the expected cost of the scheme on a systematic and rational basis over the period during which it benefits from employees' services by payment to the Principal Civil Service Pension Scheme (PCSPS) (NI) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the Principal Civil Service Pension Scheme (PCSPS) (NI).

### 1.9 *Contingent liabilities*

In addition to contingent liabilities (and contingent assets) disclosed in accordance with IAS 37, NIPSO discloses for Assembly reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to the Northern Ireland Assembly, in accordance with the requirements of Managing Public Money Northern Ireland.

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

### 1.10 *Staff costs*

Under IAS 19, Employee Benefits, all staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the cost of any untaken leave as at the year end. The cost of untaken leave has been determined using data from leave records.

### 1.11 *Financial instruments*

NIPSO does not hold any complex financial instruments. The only financial instruments in the accounts are receivables and payables (Notes 10 and 11). Trade receivables are recognised initially at fair value less a provision for impairment. A provision for impairment is made when there is evidence that NIPSO will be unable to collect an amount due in accordance with agreed terms.

### 1.12 *Impending application of newly issued accounting standards not yet effective*

IFRS 16 - Leases replaces IAS 17 - Leases and is effective with EU adoption from 1 January 2019. In line with the requirements of the FReM, IFRS 16 will be implemented, as interpreted and adapted for the public sector, with effect from 1 April 2020.

For NIPSO IFRS 16, when effective from 2020-21, shall represent a significant change in lessee accounting by largely removing the distinction between operating and finance leases and introducing a single lessee accounting model. NIPSO will be required to recognise assets and liabilities for all leases, unless they qualify for low value or short-term exemptions. This will impact significantly, in particular on the Statement of Financial Position. In addition, there will be updated disclosure requirements.

The IASB issued new and amended standards (IFRS 10, IFRS 11 & IFRS 12) that affect the consolidation and reporting of subsidiaries, associates and joint ventures. These standards were effective with EU adoption from 1 January 2014. As a stand-alone entity, these standards have no impact on NIPSO's reporting requirements as the concepts of "accounting boundary" and "consolidation boundary" do not apply to NIPSO.

## 2. Statement of Operating Costs by Operating Segment

NIPSO's operating segments reflect the activities undertaken to achieve the business objectives.

### Segment 1

#### NIPSO- Maladministration:

Responsible for the delivery of investigations relating to complaints of maladministration by Northern Ireland government departments, their agencies, public and local government bodies and the health and social care bodies; provision of an independent and effective investigative resource to support the work of other UK Public Sector Ombudsman Offices; administration; related services; and associated non-cash items.

### Segment 2

#### Local Government Ethical Standards (LGES):

Responsible for the delivery of investigations relating to complaints of breaches by Councillors of the Northern Ireland Local Government Code of Conduct: administration; related services; and associated non-cash items.

Both NIPSO's SMT and Audit and Risk Committee received financial information reported against each business area. Direct income and expenditure is attributed to each business area with overheads apportioned on the number of staff per area.

	2018-19			2017-18		
	NIPSO £000	LGES £000	Total £000	NIPSO £000	LGES £000	Total £000
<b>Gross Expenditure:</b>						
Staff expenditure	1,607	282	<b>1,889</b>	1,441	217	<b>1,658</b>
Other Administration costs	545	*205	<b>750</b>	532	*188	<b>720</b>
<b>Income</b>	(48)	-	(48)	-	-	-
<b>Net Expenditure (resource outturn)</b>	<b>2,104</b>	<b>487</b>	<b>2,591</b>	<b>1,973</b>	<b>405</b>	<b>2,378</b>

\*The £205,000 (£188,000 2017-18) Other Administration costs includes £50,000 (£118,000 2017-18) for non-service expenditure which was returned to the Local Government sponsor Department (Department for Communities) for reallocation through the established funding mechanism.

### Note 2.1 Reconciliation between Operating segments and SoCNE

	2018-19			2017-18		
	NIPSO £000	LGES £000	Total £000	NIPSO £000	LGES £000	Total £000
<b>Net Expenditure (resource outturn)</b>	<b>2,104</b>	<b>487</b>	<b>2,591</b>	<b>1,973</b>	<b>405</b>	<b>2,378</b>
<b>Non-supply Income (CFERS)</b>	(2)	-	(2)	(10)	-	(10)
<b>Non-supply expenditure (Ombudsman's salary)</b>	<b>99</b>	<b>33</b>	<b>132</b>	<b>117</b>	<b>13</b>	<b>130</b>
	<b>2,201</b>	<b>520</b>	<b>2,721</b>	<b>2,080</b>	<b>418</b>	<b>2,498</b>

### 3. Staff Expenditure

	2018-19 £000	2017-18 £000
<b>Staff Expenditure:</b>		
Wages and salaries	1,435	1,265
Social security costs	145	125
Other pension costs	309	268
<b>Sub total</b>	<b>1,889</b>	<b>1,658</b>
Less recoveries in respect of outward secondments	(48)	-
<b>Net Total costs</b>	<b>1,841</b>	<b>1,658</b>
Of which:		
Charged to administration	<b>1,841</b>	<b>1,658</b>
Charged to Programme	-	-

A breakdown of the above expenditure into permanent staff and others can be found in the Staff Report within the Accountability Report

#### 3.1 Other Administration Expenditure

		2018-19 £000	2017-18 £000
	<b>Note</b>		
Consolidated Fund Standing Services		132	130
		<b>132</b>	<b>130</b>
Rentals under operating leases		86	86
Other expenditure*		144	221
Premises expenses		63	69
Rates		53	52
Office Services		31	39
Professional services		324	208
Travel and subsistence		17	17
Non-cash items		<b>718</b>	<b>692</b>
Depreciation	6	13	10
Amortisation	7	5	4
		<b>18</b>	<b>14</b>
Auditors' remuneration and expenses		12	12
Other notional charges (Welfare support)		2	2
		<b>14</b>	<b>14</b>
Total		<b>882</b>	<b>850</b>

\*The £144,000 (£221,000 2017-18) other expenditure includes £50,000 (£118,000 2017-18) for non-service expenditure which was returned to the Local Government sponsor Department (Department for Communities) for reallocation through the established funding mechanism. Residual 'Other expenditure' equates to £94,000 (£103,000 2017-18).

### 4. Programme Expenditure

NIPSO did not incur any programme expenditure during the period under review. Refer to Note 1.7



## 5. Operating Income

	2018-19	2017-18
	£000	£000
Request for Resources A	Total	Total
Income from secondments	48	10
Other income	2	
	50	10

## 6. Property, plant and equipment

### 2018-19

	Office Equipment	Computer Equipment	Fixtures & Fittings	Total
	£000	£000	£000	£000
Cost or valuation				
<b>At 1 April 2018</b>	<b>8</b>	<b>23</b>	<b>48</b>	<b>79</b>
Additions	-	-	-	-
Disposals	(3)	(1)	-	(4)
Revaluations	-	-	-	-
<b>At 31 March 2019</b>	<b>5</b>	<b>22</b>	<b>48</b>	<b>75</b>
Depreciation				
<b>At 1 April 2018</b>	<b>6</b>	<b>19</b>	<b>30</b>	<b>55</b>
Charged in year	1	3	9	13
Disposals	(3)	(1)	-	(4)
Revaluations	-	-	-	-
<b>At 31 March 2019</b>	<b>4</b>	<b>21</b>	<b>39</b>	<b>64</b>
<b>Carrying amount at 31 March 2018</b>	<b>2</b>	<b>4</b>	<b>18</b>	<b>24</b>
<b>Carrying amount at 31 March 2019</b>	<b>1</b>	<b>1</b>	<b>9</b>	<b>11</b>
Asset Financing:				
Owned	1	1	9	11
<b>Carrying amount at 31 March 2019</b>	<b>1</b>	<b>1</b>	<b>9</b>	<b>11</b>

### Notes

Property, plant and equipment were revalued on the basis of indices, where material (see Note 1.2 on page 48 for details).

**2017-18**

	Office Equipment £000	Computer Equipment £000	Fixtures & Fittings £000	Total £000
<b>Cost or valuation</b>				
At 1 April 2017	<b>13</b>	<b>24</b>	<b>43</b>	<b>80</b>
Additions	-	1	14	15
Disposals	(5)	(3)	(9)	(17)
Revaluations	-	1	-	1
<b>At 31 March 2018</b>	<b>8</b>	<b>23</b>	<b>48</b>	<b>79</b>
<b>Depreciation</b>				
At 1 April 2017	<b>9</b>	<b>17</b>	<b>35</b>	<b>61</b>
Charged in year	2	4	4	10
Disposals	(5)	(3)	(9)	(17)
Revaluations	-	1	-	1
<b>At 31 March 2018</b>	<b>6</b>	<b>19</b>	<b>30</b>	<b>55</b>
<b>Carrying amount at 31 March 2017</b>	<b>4</b>	<b>10</b>	<b>5</b>	<b>19</b>
<b>Carrying amount at 31 March 2018</b>	<b>2</b>	<b>4</b>	<b>18</b>	<b>24</b>
<b>Asset Financing:</b>				
<b>Owned</b>	<b>2</b>	<b>4</b>	<b>18</b>	<b>24</b>
<b>Carrying amount at 31 March 2018</b>	<b>2</b>	<b>4</b>	<b>18</b>	<b>24</b>

## 7. Intangible assets

Intangible assets comprise of software and software licences.

<b>2018-19</b>	<b>Software</b>	<b>Software Licences</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Cost or valuation</b>			
At 1 April 2018	<b>86</b>	<b>5</b>	<b>91</b>
Additions	84	-	84
Disposals	-	-	-
Revaluation	-	-	-
<b>At 31 March 2019</b>	<b>170</b>	<b>5</b>	<b>175</b>
<b>Amortisation</b>			
At 1 April 2018	<b>84</b>	<b>5</b>	<b>89</b>
Charged in year	5	-	5
Disposals	-	-	-
Revaluation	-	-	-
<b>At 31 March 2019</b>	<b>89</b>	<b>5</b>	<b>94</b>
<b>Carrying amount at 31 March 2018</b>	<b>2</b>	<b>-</b>	<b>2</b>
<b>Carrying amount at 31 March 2019</b>	<b>81</b>	<b>-</b>	<b>81</b>
<b>Asset Financing:</b>			
Owned	<b>81</b>	<b>-</b>	<b>81</b>
Carrying amount at 31 March 2018	<b>81</b>	<b>-</b>	<b>81</b>
<b>2017-18</b>	<b>Software</b>	<b>Software Licences</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Cost or valuation</b>			
At 1 April 2017	<b>82</b>	<b>5</b>	<b>87</b>
Additions	-	-	-
Disposals	-	-	-
Revaluation	4	-	4
<b>At 31 March 2018</b>	<b>86</b>	<b>5</b>	<b>91</b>
<b>Amortisation</b>			
At 1 April 2017	<b>76</b>	<b>5</b>	<b>81</b>
Charged in year	4	-	4
Disposals	-	-	-
Revaluation	4	-	4
<b>At 31 March 2018</b>	<b>84</b>	<b>5</b>	<b>89</b>
<b>Carrying amount at 31 March 2017</b>	<b>6</b>	<b>-</b>	<b>6</b>
<b>Carrying amount at 31 March 2018</b>	<b>2</b>	<b>-</b>	<b>2</b>
<b>Asset Financing:</b>			
Owned	<b>2</b>	<b>-</b>	<b>2</b>
Carrying amount at 31 March 2018	<b>2</b>	<b>-</b>	<b>2</b>

## 8. Capital and other commitments

### 8.1 Capital commitments

NIPSO has no contracted capital commitments as at 31 March 2019 (31 March 2018 – Nil).

### 8.2 Commitments under leases

#### 8.2.1 Operating leases

Total future minimum lease payments under operating leases are given in the table below for each of the following periods:

	2018-19 £000	2017-18 £000
<b>Obligations under operating leases for the following periods comprise:</b>		
<b>Buildings:</b>		
Not later than one year	64	85
Later than one year and not later than five years	-	64
Later than five years	-	-
	<u>64</u>	<u>149</u>

## 9. Cash and cash equivalents

	2018-19 £000	2017-18 £000
Balance at 1 April	11	12
Net change in cash and cash equivalent balances	<u>7</u>	<u>(1)</u>
Balance at 31 March	<u>18</u>	<u>11</u>
The following balances at 31 March were held at:		
Commercial banks and cash in hand	<u>18</u>	<u>11</u>
Balance at 31 March	<u>18</u>	<u>11</u>

### 9.1 Reconciliation of liabilities arising from financing activities

NIPSO has no liabilities arising from financing activities.

## 10. Trade receivables, financial and other assets

	2018-19 £000	2017-18 £000
<b>Amounts falling due within one year</b>		
Trade receivables	-	-
Other receivables – VAT	37	21
Salaries	-	5
Other	6	3
Prepayments and accrued income	<u>41</u>	<u>46</u>
Total amounts falling due within one year	<u>84</u>	<u>75</u>

There are no amounts falling due after more than one year.

Of the £84,000k, nil included within receivables (2017–18: £4,000) will be due to the Consolidated Fund once the debts are collected.

## 11. Trade payables and other current liabilities

	2018-19	2017-18
	£000	£000
<b>Amounts falling due within one year</b>		
Trade payables	3	4
Accruals and deferred income	136	100
Amounts issued from the Consolidated Fund for supply but not spent at year end	16	5
Consolidated Fund extra receipts due to be paid to the Consolidated Fund		
Received	2	6
Receivable	-	4
	<b>157</b>	<b>119</b>

All payables fall due within one year.

## 12. Contingent liabilities

NIPSO has the following unquantifiable contingent liabilities:

### Legal fees

As at 31 March 2019 two legal challenges were ongoing. One case is a judicial review, the other case is a legal challenge against a decision of the Northern Ireland Local Government Deputy Commissioner for Standards.

In addition, paragraph 92 of IAS 37 also applies, this states that: *'In extremely rare cases, disclosure of some or all of the information required by paragraphs 84–89 [of IAS 37] can be expected to prejudice seriously the position of the entity in a dispute with other parties on the subject matter of the provision, contingent liability or contingent asset. In such cases, an entity need not disclose the information, but shall disclose the general nature of the dispute, together with the fact that, and reason why, the information has not been disclosed.'*

As a result of the above no further disclosure is being made in respect of these ongoing legal cases since to do so would prejudice seriously the position of NIPSO in respect of the ongoing legal cases.

### Employment Tribunal

Arising from a recruitment competition in May 2018 an applicant's grievance claim is due to be heard by the Office of the Industrial Tribunals in autumn 2019. The amount of any financial settlement, if any, is not quantifiable.

### Court of Appeal judgment on backdated PSNI Holiday Pay

On 17th June 2019 the Court of Appeal ruled in respect of the Northern Ireland Industrial Tribunal's November 2018 decision on cases taken against the PSNI on backdated holiday pay. It is recognised that the final detail remains to be determined by the Industrial Tribunal who will be guided by the Court of Appeal's Judgement.

This is an extremely rare and complex case with a significant number of issues that still need to be resolved, including further legal advice with regards to the Judgement; the scope; timescales; process of appeals and engagement with Trade Unions. The legal issues arising from this judgment and the implications for NIPSO, in keeping with the wider public sector, will need further consideration. The Department of Finance (DoF) is leading on work across the NICS to review the implications for each of the major staffing groups across the public sector.

Until there is further clarity, when this work has concluded, and based on the inherent uncertainties in the final decisions that will be made, a reliable estimate of the financial impact on NIPSO cannot be provided at this stage.

### 13. Contingent Assets

NIPSO has the following unquantifiable contingent assets:

#### Legal fees

As at the 31 March 2019 a legal case had been concluded which could potentially result in an inflow of economic benefit (recovery of legal costs).

### 14. Related-party transactions

The Ombudsman nor any other members of her Senior Management Team, did not undertake any material transactions with NIPSO during the reporting period.

NIPSO has had a number of transactions with the Department of Finance (Public Spending Directorate, HRConnect, ITAssist, CPD and Properties Division) and the Department for Communities.

### 15. Events after the Reporting Period

On 3 May 2019 the Secretary of State announced her intention to recommend Marie Anderson's appointment as the new Police Ombudsman for Northern Ireland. NIPSO is currently assessing the implications, during the period of transition to a new Ombudsman, on the delivery of NIPSO's statutory functions.

#### Date of authorisation for issue

The Accounting Officer authorised the issue of these financial statements on 27/06/2019.





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