



Northern Ireland

Public Services
Ombudsman

Annual Report &
Accounts

For the year ended
31 March 2020

NORTHERN IRELAND
PUBLIC SERVICES OMBUDSMAN
Annual Report and Accounts
For the year ended 31 March 2020

*Laid before the Northern Ireland Assembly by the
Department of Finance under
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and Accounts Act (Northern Ireland) 2001*

4 November 2020

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Northern Ireland Public Services Ombudsman (NIPSO)

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Performance Report

The purpose of this section of the Annual Report and Accounts is to explain the structure, purpose and performance of the Northern Ireland Public Services Ombudsman (NIPSO) during 2019-20. For this year NIPSO is availing of the concession, granted in "FD (DoF) 0520 - Changes to 2019-20 Departmental annual report and accounts as a result of COVID-19" to merge much of the information that would ordinarily be included in the Performance Analysis into this overview. Accordingly the following is included:

- Ombudsman's Statement;
- NIPSO purpose and activities;
- Issues risks and challenges;
- Performance overview.

Ombudsman's Statement

I am pleased to present this Annual Report and Accounts for the year ended 31 March 2020.

With effect from 19 August 2020, on the nomination of the Northern Ireland Assembly, I took up post as Ombudsman under Royal Warrant. From the same date I was appointed by the Treasury Officer of Accounts in the Department of Finance as Accounting Officer. From that date I also took up the offices of Northern Ireland Judicial Appointments Ombudsman 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 NIPSO and for its procedures in relation to finance, governance and operational matters.

NIPSO Purpose and Activities

As stated in the current Strategic Plan 2020-2023, NIPSO's **purpose** is 'To serve the public by independently and impartially investigating complaints and supporting improvements and learning in public services'. 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 decisions, actions, policies, processes and systems. They are as follows:

- **Fairness** (We will treat others fairly, justly and without bias. We will ensure that our investigation and adjudication processes are fair to all).
- **Impartiality** (We will make decisions impartially and keep an open mind in relation to our work).

- **Openness** (We will take decisions in an open and transparent manner. Information will not be withheld from the public unless there are clear and lawful reasons for so doing. We will be open with our staff and communicate decisions to them as soon as practicable. We will give reasons for our decisions. We will publish information about our performance as well as public interest reports).
- **Excellence** (We will aim for quality in everything we do and say, behaving professionally, taking ownership and recognising our role as an exemplar to others. We will take pride in our work and the organisation, reflecting on the lessons we have learned from our own experiences and from other ombudsman schemes.)
- **Respect** (We will show respect for equality and the rights of others (including human rights). We will respect the views of others and show consideration for others at all times).
- **Integrity** (We will declare and resolve any interests and relationships that conflict with our functions. We will observe 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.
- SO2.** To build confidence in Local Government by regulating and promoting the Northern Ireland Local Government Code of Conduct and delivering a high quality, independent investigation and adjudication function.
- SO3.** [When empowered by the NI Assembly and provided appropriate resourcing] To improve complaints handling by all public service providers.
- SO4.** To be an accountable, ethical public service organisation that pursues excellence and continuous improvement
- SO5.** To support learning from complaints and improvement in public service delivery.

All of the NIPSO's activities are carried out in furtherance of these strategic objectives.

Main Activities

As Ombudsman my key role is to investigate complaints of maladministration¹ regarding public services in Northern Ireland, and also 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).

¹ 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.

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, the Northern Ireland Audit Office, the Northern Ireland Assembly Commission, the Northern Ireland Housing Executive, registered Housing Associations 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.

Since October 2016 NIPSO has 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.

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

In June 2019 the previous Ombudsman, Marie Anderson, initiated an investigation to consider issues relating to the Personal Independence Payments process. Completion of this has been deferred due to the Covid-19 pandemic but it is now planned to report before the end of 2020.

The OI team is also keeping under assessment a range of other potential issues. This would include a prospective review of restraint and seclusion in NI schools, working jointly with the Northern Ireland Children's Commissioner for Children and Young People (NICCY).

NIPSO is required to consult with other ombudsmen and regulators on potential Own Initiative investigations. To that end NIPSO participates in an *Oversight and Scrutiny Forum* comprising a range of oversight bodies in Northern Ireland to ensure best use of public resources and that NIPSO investigations do not unnecessarily overlap with the respective remits of other forum members. A range of protocols govern the sharing of information with a range of oversight bodies.

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

Also, 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').

NIPSO has discretion to publish reports in the public interest and between February 2018 and the end of March 2020 fifty such reports have been issued. Regular Case Digests and Bulletins are also published which provide further information about the Office's activities.

Issues, Risks and Challenges

In support of NIPSO's strategy a detailed corporate risk register is maintained and regularly 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 Senior Management Team (SMT) regularly reviewed the identified risks, recorded 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 meetings of the NIPSO Audit and Risk Committee (ARC).

The register (available on request) details the status of the Ombudsman's corporate risks on an ongoing basis. The Internal Audit 'Annual Assurance Report 2019-20', has also provided a satisfactory level of assurance in relation to risk management, internal control and governance, based upon the work undertaken on the 2019-20 internal audit programme.

As at the end of the reporting year the most significant emerging risk facing NIPSO was undoubtedly in relation to the Covid-19 pandemic. Details of how NIPSO has moved quickly to identify and mitigate the impacts of the risks presented by Covid-19 are detailed in the Governance Statement and the issue is further described within "Other Assembly Accountability Disclosures" (page 45).

This and other key risks recognised by NIPSO as at 31 March 2020 were carefully re-assessed during the first quarter of 2020-21, particularly in light of Covid-19 and also in the context of the restoration of the NI Assembly and the revised Brexit timescale of December 2020. Again, further information on the identification and management of the Ombudsman's wider risks is contained in the Governance Statement.

NIPSO continually identifies emerging risks and addresses them proactively and in a prioritised manner.

Performance Overview

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. Again in this reporting year the number of incoming complaints increased very significantly - by 37% in 2019-20, and by 119% over the past five years.

During the year the front-of-office Advice, Support Service and Initial Screening Team (ASSIST) continued to manage this steeply rising number of complaints and helped to achieve early resolution of many of the cases. Despite the activity growth 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 time taken to investigate a complaint and issue a draft investigation report fell short of target (see further commentary on pages 6-7).

In 2019-20 there were 1,047 complaints-related enquiries². This is a decrease of 22% from the 1,346 enquiries recorded in the previous year.

Maladministration Complaint Numbers

The following table details the key statistics on maladministration cases for 2019-20:

Case Statistics	2019-20
Complaints ongoing from previous year	218
New Complaints in year	1,043
Cases determined in year	(1,071)
Complaints ongoing at year end	190

The table below illustrates the growth in new maladministration complaints received over the past five years, by reference to the number received in the final year of the predecessor organisation:

Year	New complaints about public services	Year-on-year % increase	Cumulative % increase from 2015-16
2015-16	477	-	-
2016-17	539	13%	13%
2017-18	665	23%	39%
2018-19	762	15%	60%
2019-20	1,043	37%	119%

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 significantly under NIPSO, there remains sufficient commonality between the previous complaints remit of AOCC and of NIPSO to render this growth trend meaningful.

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 reflection the importance of ensuring balance between quality and timeliness. The Office's maladministration KPIs, together with the recorded performance in 2019-20, are as follows:

² Enquiries are the first line contact (including in person, by telephone or in writing) that NIPSO has with complainants about matters which have not yet formed part of a complaint to the Office.

Indicator	Target	Achieved
KPI 1 – 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 90% of cases.	90%	98%
KPI 2 – 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.	70%	85%
KPI 3 – 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.	70%	60%

Performance Commentary

As noted above there has been a significant increase in the number of complaints received in 2019-20; up by 37% on the previous year. This is a continuation of the upward trend in complaint numbers received: an increase of some 119% since 2015-16.

Despite this increase and a reduction in the resource available for decision making at the Initial Assessment stage of the process, performance was 98%, well ahead of the target of 90%. The number of decisions made this year at the Initial Assessment stage increased by 39%. In this context the KPI 1 performance is particularly noteworthy.

Performance on KPI 2 (the Assessment stage) was also considerably ahead of target in 2019-20; 85% against the target of 70%. This was a significant improvement on KPI 2 performance compared with 2018/19 (70%). The number of cases which progressed to the Assessment stage remained in line with the case progression in the previous year. However, over the past 5 years, it is notable that there has been a 64% increase in the number of cases which have progressed to the Assessment stage.

The increased focus on early resolution and proportionality has resulted in a considerable increase in settlements achieved by the ASSIST Team - up 47% year-on-year. Seeking settlement provides an effective method of resolving a complaint, often obtaining a positive outcome for the complainant at an early stage, rather than commencing a potentially lengthy investigation. Use of settlement remains a key objective for the ASSIST team.

The team has also increased the number of cases referred back to the public body for further local resolution by 200% compared to the previous year. This approach reflects the renewed focus on giving feedback to bodies to assist them to resolve complaints at source and can be an effective means to achieve an alternative and speedier resolution of complaints, particularly in complaints about poor complaints handling. The decrease in the number of cases progressed to the Investigation stage this year, 21% on the previous year, is reflective of the ASSIST Team's focus on resolution at Assessment stage. However, over the past 4 years, there remains a steady overall increase of 13% in the numbers of cases accepted for investigation.

Performance on KPI 3 (the Investigation stage) was below target, at 60%. This final stage of NIPSO's maladministration complaints process has seen particularly steep increases in activity arising from higher case volumes. This year there was an increase

of 32%, year on year, in the number of cases closed at Investigation stage. This is a continuation of the significant upward trend in cases closed at Investigation stage (75% increase over 4 years) with this year representing the highest number of closures at Investigations since the inception of NIPSO in 2016. The number of cases at this stage of the process has increased by 45% over the last 5 years as the number of cases closed has exceeded the number of cases passed to investigation by 10% in the same 5 year period. In addition, due to the Progressive House office refurbishment during the year, the Investigation Team experienced considerable disruption from the decanting of staff and their subsequent return and resettlement in January 2020.

The ASSIST and Investigation teams work increasingly closely on the progression of cases and identification of cases where early resolution, including settlement, is appropriate, resulting in a consistent approach to issues across the teams. The Investigation Team has focused on ensuring a proportionate approach to the investigation process which is already yielding improvements in performance and output. In the latter quarter of 2019-20 NIPSO engaged the Department of Finance (DoF) Business Consultancy Service to look independently at our maladministration complaints handling processes. When the outcomes from this process review are progressed (post Covid-19) this is expected to result in improvement in the time taken to progress complaints to a decision at all stages of the process.

All of the above has been achieved during a period of significant disruption due to the departure of the former Ombudsman to take up a new role in July 2019 and the suspension of the Northern Ireland Assembly meaning succession arrangements could not be confirmed until early 2020.

The office continues to undertake outreach and to engage with a number of key sectors. During the reporting year there was very effective engagement with schools' sector, facilitated by the Education Authority, and with the housing sector, both of which received very positive feedback. Despite engagement with schools, complaints from this sector appear to have increased beyond the number anticipated and some particular areas of concern have been raised regarding Restraint and Seclusion, Special Educational Needs and general complaints handling.

The office also has had significant engagement with the Health and Social Care (HSC) sector through the HSC Complaints Policy Forum and also six monthly meetings with HSC Trusts.

Generally, performance needs also to be viewed in the context of the continuing short-term nature of funding available to NIPSO in 2019-20, and the significant ongoing budgetary uncertainties affecting the ability to plan and recruit beyond the short term. 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 119% increase in maladministration complaints numbers since 2015-16);
- (ii) Staff turnover and inefficiencies, partly associated with, on occasions, the obligatory reliance on short term staff and short term contracts; and
- (iii) Uncertainty over future years' resources and inability to identify and mitigate future financial pressures, threatening the achievement of key business objectives.

Local Government Ethical Standards (LGES)

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

In 2019-20 the Commissioner/Acting Commissioner received 41 complaints alleging that councillors had breached the Local Government Code of Conduct ('the Code') - a decrease of 34% from the 62 complaints received in 2018-19. Cases in progress as at the end of 2019-20 have decreased to 53 from the 66 live cases brought forward at the start of the year. These activity figures are set out in the table below:

Caseload	2019-20	2018-19
Complaints ongoing from the previous year	66	32
Written complaints received in year	41	62
Total complaints under investigation in year	107	94
Number closed at Initial Assessment Stage ' can we investigate'	9	6
Number closed at Assessment Stage ' should we investigate'	13	7
Number of Complaints closed by Alternative Action ³	10	1
Number of complaints withdrawn / discontinued	9	-
Number determined at Investigation Stage (with no breach found)	10	8
Adjudications	3 ⁴	6
Complaints ongoing at year end	53	66

LGES KPI performance is set out in the table below:

Indicator	Target	Achieved
KPI 4 – 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.	85%	95%
KPI 5 – we will complete an investigation within 40 weeks of the date of receipt of the complaint. The target is 60%	60%	65%

Performance Commentary

A total of 54 cases were concluded in 2019-20. 22 were closed at the assessment stage, with a further 29 closed at investigation stage: 10 with a finding of no failure to comply with the Code; 10 were closed by alternative action and 9 were discontinued. 3 cases investigated (consolidated to 2 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. Both resulted in a sanction: one instance of censure, and one instance of disqualification from being a councillor for

³ "Alternative Action" seeks, where appropriate and subject to laid down criteria, the satisfactory resolution of a complaint without the cost and resource implications of an investigation and/or an adjudication.

⁴ 3 cases consolidated to 2 Adjudications.

a period of 15 months. Full details of decisions are available on the LGES section of the NIPSO website (www.nipso.org.uk).

In relation to the LGES team's performance, the decision whether to investigate was reached within the 4 week target in 37 of the 39 cases that were considered in 2019-20: a 95% achievement rate against a target of 85%.

Against the target to complete an investigation within 40 weeks of receipt of complaint, 22 out of 34 (65%) of the cases which reached that stage achieved the timescale in 2019-20, against a 60% target. KPI 5 changed in April 2019 with the time to investigate being reduced from 48 weeks to 40 weeks.

In terms of the nature of complaints, the majority of complaints this year (29 instances) related to allegations that a councillor had failed to meet their obligations as a councillor, 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. The second most common basis of complaint related to allegations that councillors had failed to meet the general rule of conduct in their behaviour towards others (22 instances). 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 14 of the complaints received.

In addition to its work in assessing and investigating complaints, the LGES Directorate, in collaboration with the Northern Ireland Local Government Association, continued to deliver a programme of further training for councillors on the Code of Conduct; this programme was again offered to all elected members and was held in geographically convenient locations to allow Councillors from different councils to attend the same event.

Financial Performance

In 2019-20 NIPSO achieved all of the three established financial KPIs.

Of particular note, the overall Net Resource Outturn for the reporting period was 1.5% less than estimated – well within the target of 2% despite the disruptive effects of the Covid-19 pandemic in the latter weeks of the reporting year.

The financial KPIs, together with the recorded performance in 2019-20, are as follows:

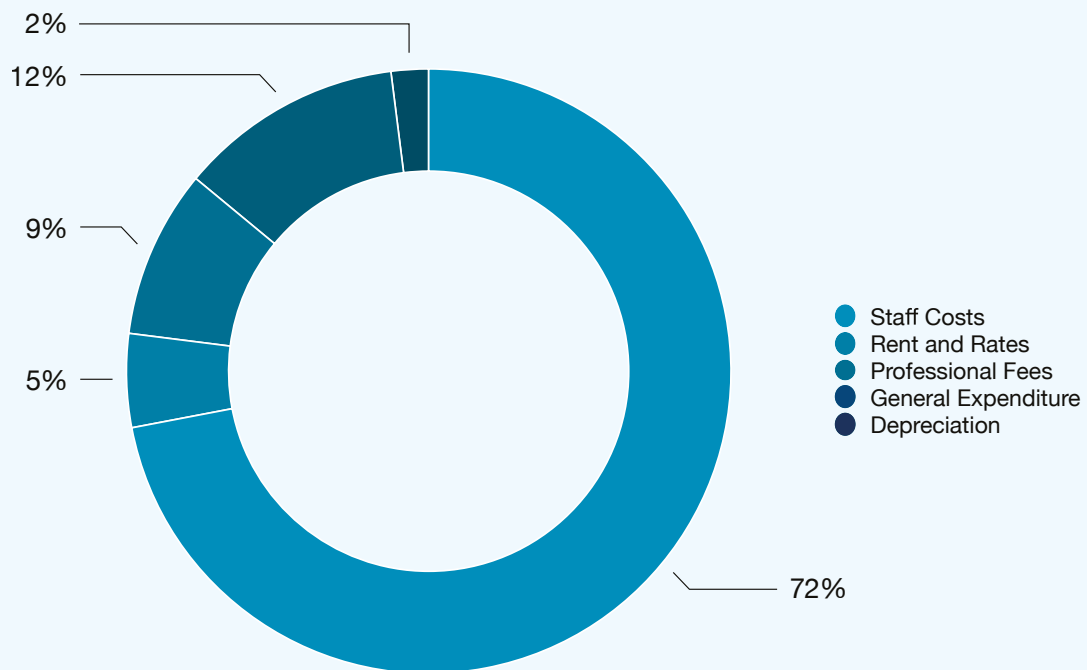
Indicator	Target	Achieved
KPI 6 – we will not exceed the total Net Total Resource expenditure for the year authorised by the Northern Ireland Assembly as detailed in the 2019-20 Spring Supplementary Estimate, limiting any underspend to 2%.	Not > 2%	1.5%
KPI 7 – in supporting the work of the Office the total cash utilised within the year will not exceed the Net Cash Requirement limit authorised by the Northern Ireland Assembly as detailed in the 2019-20 Spring Supplementary Estimate.	n/a	Yes
KPI 8 – we will we will pay 98% of correctly presented supplier invoices within 10 working days of receipt.	98%	99%

Performance against the 2019-20 Spring Supplementary Estimate is summarised in the following table:

	Estimate £k	Outturn £k	Saving £k	Percentage saving
Net Resource Outturn	2,643	2,604	39	1.5%
Net Cash Requirement	3,565	3,349	216	6.1%

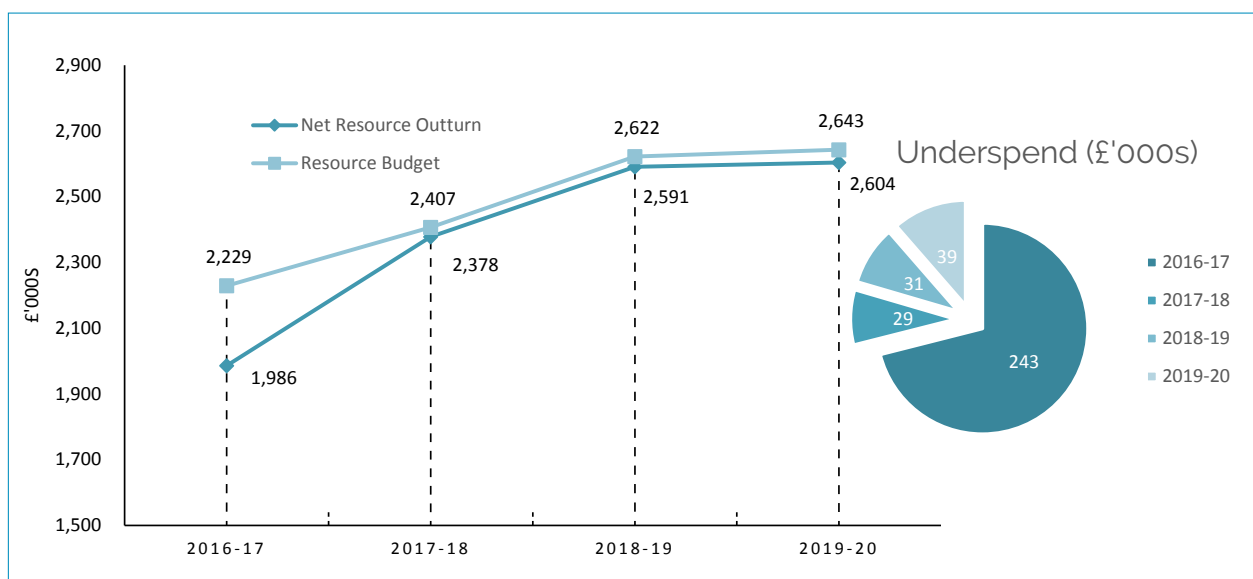
The 1.5% Net Resource Outturn under-spend primarily arose from legal fees (accounting for some £12k), and from a number of other areas of general expenditure, including IT maintenance (£12k), Consultancy fees (£12k), & other expenditure (net £3k). These are attributable to factors outside the control of NIPSO, including timing and outcome.

Illustrated below is the breakdown of resource expenditure for 2019-20.



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

The Office's outturn in Estimate and Budget terms for the years 2016-17 to 2019-20 is illustrated below.



Resource requirements

The Office continues to experience significant demand growth given its extended remit and increasing complaint numbers. As detailed earlier, the Office has experienced significant year-on-year increases in complaints in its first four years. Since the last year of the predecessor organisation (Assembly Ombudsman & Commissioner for Complaints) in 2015-16, up to 2019-20, new complaints received have increased by 119% representing a significant challenge for the Office to manage whilst maintaining performance.

The more recently commenced legislative powers that have had greatest impact are as follows.

- (i) The power to undertake (since April 2018) 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 there has been a total of 50 reports published up to the end of 2019-20.

NIPSO will continue to engage with the relevant stakeholders including the NI Assembly Audit Committee and the Department of Finance to secure the optimal level of 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 investigations is the Office's core function and resource constraints will inevitably impact on the level of service. On a positive note, the return of the NI Assembly in January 2020 has enabled the Office to present the case for essential additional resources and NIPSO is most appreciative of the Assembly Audit Committee's support for and approval of a significant budgetary uplift for 2020-21.

Office Refurbishment

During 2019-20 NIPSO undertook a significant refurbishment of its leased Progressive House premises. The capital budget from the Department of Finance (DoF) for these works was £720,000 – a significant amount for NIPSO by historical standards.

The decision to refurbish was based upon an evaluation of requirements and alternative accommodation options. Advice was sought and taken from the Strategic Investment Board and from Land and Properties Services within DoF. The chosen accommodation represented best value compared to a number of alternatives that were carefully considered.

The audio-visual fit-out of the refurbished premises and outside signage for the building remain to be completed in 2020-21. However the main works were completed on schedule and within budget. During the works a number of NIPSO staff decanted for some six months to accommodation made temporarily available in the offices of the Northern Ireland Audit Office (NIAO); NIPSO is most appreciative of NIAO's assistance and cooperation in this regard.

During the reporting year a renewed lease was also taken out on Progressive House and this is due to run up to 31 December 2034 (i.e. 15 years from 1 January 2020).

Social and Environmental Matters

In carrying out its functions NIPSO has regard for human rights obligations and the need to ensure that anti-corruption, anti-bribery, social responsibility and environmental protection policies and measures are in place. The following demonstrates NIPSO's commitment in this regard:

- (i) NIPSO 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 fully embedded in NIPSO's business processes.
- (ii) NIPSO keeps under review, in liaison with the Audit and Risk Committee, the NIPSO Anti-Fraud (including bribery and corruption) and Whistleblowing policies.
- (iii) The significant office refurbishment during 2019-20 has ensured that state-of-the-art energy efficient measures are embedded, for instance in respect of the materials used and the design of up-to-date environmentally responsible energy- efficient heating and lighting.
- (iv) The Office also pursues a number of simple but effective initiatives aimed at reducing waste and respecting the environment. For example through the increased 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.



Margaret Kelly
Accounting Officer

22 October 2020

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. It 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 nature and composition of NIPSO's governance arrangements and outline how they contribute to the achievement of strategic 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 NIPSO's jurisdiction. The 2016 Act provides for the appointment and tenure of office of the Ombudsman for a single non-renewable period of seven years. Following the departure of the former Ombudsman in July 2019, the Deputy Ombudsman, Paul McFadden, served as Acting Ombudsman from 1 March 2020 to 18 August 2020 and Margaret Kelly took up post as the new Ombudsman on 19 August 2020.

As at 31 March 2020 the Office staffing comprised the then Acting Ombudsman and 46 members of staff: two part-time acting Deputy Ombudsmen; three Directors of Investigations; a Director of Finance and Corporate Services; a Head of Communications; 31 investigative staff (two of whom were temporary agency staff) and eight other administrative staff (one of whom was a temporary agency staff member).

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 Office-holder to lay annually a general report on the exercise of NIPSO's

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 the associated 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 in the discharge of the Office-holder's statutory duties.

The SMT members as at 31 March 2020 were:

Acting Ombudsman (Chair):	Mr Paul McFadden
Acting Deputy Ombudsmen (Joint):	Mrs Michaela McAleer, Mr Sean Martin.
Directors:	Mr John McGinnity, Mrs Claire McIlhatton

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 2019-20. The Information Commissioner concluded that there was no further action required in this instance.

Pensions applicable

As at 31 March 2020 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 recommendations through sharing draft reports and in dialogue with the bodies in remit. In 2019-20 all recommendations 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 is not aware. The Ombudsman has taken all necessary steps to make herself aware of any relevant audit information, and confirms that the auditors are aware of that information.

Complaints and Reviews

The Office has two separate processes in place for responding to dissatisfaction with our service. 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 2019-20 there were seven service complaints received. Of the seven service complaints received in 2019-20, one was upheld, one was not upheld and 5 were still under review as at the end of the reporting period.

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 Local Government Code of Conduct 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 the Office received 69 requests for a review of a decision not to accept a complaint for investigation. Of the 69 requests received, 8 were upheld and the cases reopened.

In relation to complaints of maladministration or failures in professional judgment in health and 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, the 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 the Ombudsman's findings, conclusions and recommendations before the final report is issued.

Where a complainant remains dissatisfied with the outcome of a NIPSO decision, they may seek a judicial review. In 2019-20 there was one application for judicial review. In addition a judicial review application was made to the High Court during the previous reporting year; leave was refused and the applicant appealed this decision to the Court of Appeal. The Court of Appeal dismissed this appeal in June 2019.

For Local Government Ethical Standards, in 2019-20 a statutory appeal was made to the High Court under the 2014 Act following the outcome of an adjudication in June 2019. The application for leave was refused by the High Court and the applicant has

appealed that decision to the Court of Appeal. This matter remained ongoing at the end of the reporting period.

During 2019-20 the Court of Appeal refused the appeal of Councillor who had appealed a decision of the High Court to refuse leave for statutory appeal made under the 2014 Act following the outcome of an adjudication in late 2016.

Whistle Blowing

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

Data Protection and Freedom of Information Obligations

By comparison to the prior year there has been a marginal increase in the number of requests for access to information under the Data Protection Act (DPA) 2018 and the Freedom of Information Act (FOIA) 2000 in 2019-20. This year the Office formally processed 45 information requests (23 Subject Access Requests, 19 FOI Requests and 3 'mixed' requests) compared to 44 in the previous financial year.

However, when compared with the previous two financial years, these figures represent a marked increase (24 in 2017-18 and 33 in 2016-17). This increase may reflect the greater visibility of the Office and NIPSO's wider powers to share information under the 2016 Act.

Requests for information under the Environmental Information Regulations (EIR) 2004 are low in number and none were received during 2019-20. Such requests would usually relate to planning complaints.

All Ombudsman investigations are conducted in private and there is a statutory bar on the disclosure of 'information obtained' for the purposes of an investigation under the 2016 Act. This bar on disclosure has been recognised and upheld by the Information Tribunal. The recent decision of the Tribunal in the case of David Thompson – the BBC v the ICO is a case in point. The Charity Commission for Northern Ireland and NIPSO were joined as interested parties in this case. The Tribunal's decision upheld NIPSO's interpretation of the statutory bar. This and prior cases have been useful in clarifying the extent of the application of the statutory bar on disclosure of information.

Given the existence of the statutory bar in the Office's legislation and the complex legal obligations that NIPSO is subject to under DPA, FOIA and EIR, a Memorandum of Understanding (MOU) was concluded between NIPSO and the former Information Commissioner in 2011. A review of this MOU commenced in 2019 to reflect the impact of the GDPR and the 2016 Act. It was hoped this work would be completed during the current reporting year. However due to Covid-19, it has been suspended. It is envisaged the review will be concluded during 2020/21. The principles in the current MOU, whilst based on the predecessor legislation to the 2016 Act and the DPA 1998, remain broadly applicable to NIPSO under the 2016 Act and the DPA 2018/ GDPR.

Statement of Accounting Officer's Responsibilities

1. Under the Government Resources and Accounts Act (NI) 2001, the Department of Finance has directed the Accounting Officer to prepare, for each financial year, resource accounts detailing the resources acquired, held, or disposed of during the year and the use of resources 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 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, with effect from 19 August 2020, 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 2019 to 31 March 2020 and describes NIPSO's internal control structure and resource management processes. During the reporting year, in July 2019, the former Ombudsman Marie Anderson took up office as the Police Ombudsman for Northern Ireland. This brought about significant changes to NIPSO's governance arrangements. On 2 July 2019 Paul McFadden was appointed by the Treasury Officer of Accounts in the Department of Finance as Interim Accounting Officer, with effect from 16 July 2019.

Further to this, on the nomination of the NI Assembly, Mr McFadden was appointed as Acting Ombudsman by Royal Warrant with effect from 1 March 2020 until 18 August 2020. From 19 August 2020 I was appointed as Ombudsman and Accounting Officer.

As Ombudsman I am a Corporation Sole. 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 had responsibility for maintaining effective governance and a sound system of internal control that supports the achievement of Office policies and strategic objectives. I am required also to 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*.

Governance Framework

In my role 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, as detailed later in this statement I am advised by a Senior Management Team (SMT). I believe that this reflects the principles and best practice contained in the guidance and practical application of the 2013 Code.

NIPSO has an established corporate governance framework that sets out, for staff and

all stakeholders: the basis on which my Office has been established; the manner in which its governance is structured and managed; and my accountability for its statutory functions. In July 2019 the previous Ombudsman completed a comprehensive framework document. This sets out in detail the corporate governance mechanisms and arrangements to which NIPSO adheres. By its nature it is dynamic and I intend to undertake a substantive review of this document during 2020-21.

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.

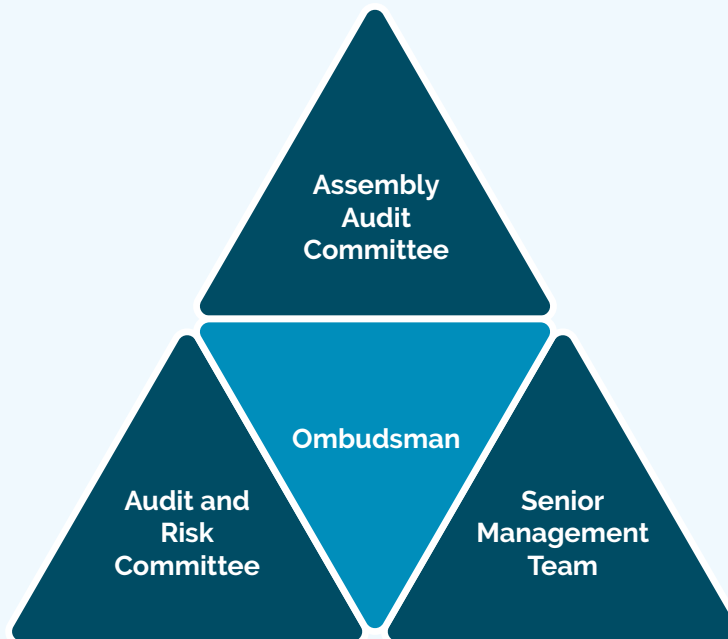
Governance Structure

NIPSO's governance structure reflects my position as 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 the independence of the role.

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 on 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 an acting deputy under delegated authority. The Deputy Commissioner for Standards refers cases to me where he/she 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 established to support my statutory functions are illustrated in **Figure 1** below. They are also set out in a 'Memorandum of Understanding on the Governance and Accountability Arrangements of the Northern Ireland Public Services Ombudsman'⁵.

⁵ This MOU was finalised and agreed by the Assembly Audit Committee on 30 November 2016 but, due to the dissolution of the Assembly in January 2017, it was not formally signed by the respective parties. Upon restoration of the Assembly in January 2020 the re-established Assembly Audit Committee has indicated plans to review and formalise this document.

Figure 1

Northern Ireland Assembly Audit Committee

I am accountable to the Northern Ireland Assembly Audit Committee for the exercise of my functions and must report annually to the Assembly 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 when required) to consider NIPSO's plans, targets and the strategic direction of the 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 2019-20 are listed on page 14.

A register of interests is maintained to ensure openness and transparency and that potential 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 2019-20.

The SMT operating framework for 2019-20 included commitments to:

- (i) Support the Ombudsman/Acting Ombudsman in the development and delivery of Strategy and Business Plans for the Office within a performance management framework.
- (ii) Advise on the prioritisation of activities within NIPSO to ensure the most effective and efficient use of resources.

- (iii) Manage and monitor the effectiveness of policies and procedures in the Office.
- (iv) Ensure that staff are organised and deployed to achieve optimum output and effectiveness for the benefit of citizens and other stakeholders.
- (v) Encourage and promote innovation throughout the range of NIPSO functions.
- (vi) Review and manage identified risks.
- (vii) Monitor and review the performance of NIPSO's financial, human and technical resources to ensure effectiveness of financial and management controls.
- (viii) Ensure the continuing relevance of NIPSO's policies and procedures.
- (ix) Promote effective team working across the range of NIPSO functions and activities to ensure optimum efficiency and effectiveness.
- (x) Deliver the Communications Strategy and further develop it in light of emerging needs.
- (xi) Develop and implement a Human Resource Strategy that achieves effective and efficient people management standards that achieve best practice and meet all equality and employment legislation.
- (xii) Ensure staff conduct and NIPSO policies are consistent with and reflect the NIPSO values.
- (xiii) Report the work of SMT to the NIPSO Audit and Risk Committee.
- (xiv) Consider the implications of recommendations of External Audit, Internal Audit and the NIPSO Audit and Risk Committee.
- (xv) Advise and support the implementation of NIPSO's MOU with the Assembly Audit Committee.

Attendance at the twelve SMT meetings held during 2019 -20 was as follows:

Present	25/04/19	15/05/19	18/06/19	25/07/19	29/08/19	18/09/19	16/10/19	21/11/19	19/12/19	16/01/20	05/03/20	26/03/20
Marie Anderson*	√	√	√									
Paul McFadden	√	√	√	√	√	√	√	√	√	√	√	√
Sean Martin	√	√	√	√	√	√	√	√	√	√	√	√
Michaela McAleer		√	√	√	√	√	√	√		√	√	√
John McGinnity	√	√	√		√	√		√	√		√	√
Claire McIlhatton	√	√			√	√		√	√	√	√	

* Resigned from NIPSO with effect from 15 July 2019

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

Internal Audit Review of SMT

As also referred to later in this Governance Statement, the 2019-20 Internal Audit programme included a 'Review of the role, functions and terms of reference of the NIPSO Senior Management Team'. The resultant report has provided an overall satisfactory rating. It contains a number of findings and recommendations under the

following five headings: the SMT operating framework, roles and responsibilities, SMT meetings, SMT effectiveness and risk management.

Work is underway in considering and where appropriate implementing the recommendations arising, within specified timescales.

Audit and Risk Committee

The first NIPSO Audit and Risk Committee ('the Committee') was appointed in 2016-17 to support the Accounting Officer by monitoring the corporate governance, risk management and control systems in the Office. During the reporting year a new Committee Chair, Mr Dónall Curtin, was appointed for an initial period of three years, with effect from 24 June 2019.

As provided for in their initial letters of appointment, the two independent Committee members have had their original three year appointment period extended for up to two further years and continued to serve on the Committee throughout 2019-20. As a consequence of the Ombudsman vacancy, these extensions were not formalised in writing until May 2020. I am most appreciative of the members' willingness to extend their period of service and thereby ensure a degree of continuity during this period of considerable change for 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 five times during 2019-20. Attendance at Committee meetings held during the year was as follows:

Present	29/04/2019	24/06/2019	03/07/2019*	28/10/2019	30/01/2020
David Best (Chair to June 24 2019)	√	√	√		
Dónall Curtin (Chair from 25 June 2019)		√	√	√	√
John Paul Irvine (Independent Non-Executive Member)	√	√	√	√	√
Ursula O'Hare (Independent Non-Executive Member)	√	√	√	√	√

*This was a special meeting to discuss solely the implications of the impending Ombudsman vacancy with effect from 15 July 2019.

In addition, other members of 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 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 relevant emerging DAO guidance.

In addition to providing assurance on the preparation and audit of the Office's Annual Report and Accounts for 2019-20, the Committee considered the findings of three assurance-based audit reports prepared by the out-sourced Director of Internal Audit.

These reports were '*Review of Communications*', '*Compliance with GDPR*' and '*Review of the role, functions and terms of reference of the NIPSO Senior Management Team*'. These reports were produced in fulfilment of the 2019-20 audit programme, which was agreed in advance by the Committee.

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 2020. 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 operate the established corporate planning and management arrangements to address strategic and operational risks 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. In the latter role 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 to members of my staff my authority to investigate, 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 processes and ensures that members of staff have the required skills and also an appropriate awareness of governance and risk management.

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 NIPSO. 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 2019-20 year end the most significant emerging risk facing NIPSO was undoubtedly in relation to the Covid-19 pandemic.

Covid-19 Pandemic

In November 2019 a novel strain of coronavirus was detected and spread rapidly, leading the World Health Organisation to declare a pandemic on 11 March 2020. The pandemic caused significant economic disruption just before the financial year end.

The ongoing disruption caused by the pandemic has created significant economic uncertainty, and this uncertainty is expected to continue throughout 2020.

Regarding NIPSO, a paper was brought to the April 2020 ARC meeting – “*NIPSO Covid-19 Response*”. This paper documents comprehensively the NIPSO response up to that point. In summary the following are the main factors that the SMT have identified, together with the actions taken or under consideration in mitigation:

Covid-19 Risk	Key actions (in place/proposed) to manage risk
1. Staff Well-being	<p>Regular communications with staff regarding their well-being. Ongoing advice and guidance in relation to physical and mental well-being issues being issued by NIPSO's HR Advisor. Individual advice provided regarding emotional and mental wellbeing and home schooling.</p> <p>NIPSO contract with "<i>Inspire Workplaces</i>" for the provision of a confidential counselling service to support staff. Wellbeing-focused guidance and advice also issued in the form of a regular newsletter to all staff.</p>
2. IT Network Availability and Information Security	<p>Data Protection Impact Assessment (DPIA) undertaken and subject to review to reflect ongoing developments.</p> <p>Data Protection Officer (DPO) assessment of the information security risks in relation to working from home.</p> <p>Homeworking Information Security Policy issued in March 2020 by DPO.</p> <p>Continual DPO assessment to enable quick response to any issues presenting.</p> <p>Revised Business Continuity Plan (BCP) under development for SMT consideration with specific mitigating actions already developed, with the position under ongoing close review.</p>
3. Maintenance of front line services	<p>Streamlining of correspondence to/from complainants, including collection of mail and scanning to electronic format for ease of distribution and re-direction of telephone contacts.</p> <p>Re-prioritising existing case work, assessing and reviewing how we deal with newly received complaints about public bodies.</p> <p>Development/modification of specific measures, protocols and communication channels in respect of each key business area -Maladministration Complaints, Local Government Ethical Standards and Own Initiative.</p>
4. Localised complaints handling issues and diversionary effect on priority afforded to complaints handling	<p>Constant engagement with bodies in jurisdiction to gauge the extent, severity and likely duration of any reduced priority that they may be able to give to dealing with NIPSO's complaint investigations and enquiries.</p> <p>Development of ways of progressing NIPSO's complaints caseload in a manner that minimises the call on the staff of public bodies most directly impacted by the Covid-19 pandemic.</p> <p>Consideration of potential longer term effects of the Covid-19 legacy on how NIPSO interacts with bodies in jurisdiction.</p>
5. Financial	<p>Consideration of current and longer term repercussions for the amount and prioritisation of public funding and how this might impact upon NIPSO's operating capacity.</p> <p>Factoring projections into the longer term assessment of the key risks to NIPSO in the delivery of its functions.</p>
6. Political uncertainty leading to re-evaluation of the role and positioning of the Ombudsman	<p>Horizon scanning and public positioning of the unique role of the Ombudsman</p> <p>Publicise the unique independent role of the Ombudsman, maintaining/enhancing our profile and seeking to influence public policy on handling Covid-19 related complaints.</p> <p>Identify new areas of work that could be undertaken by NIPSO or LGCS in line with the rationalisation being suggested in New Decade New Approach</p> <p>Consideration of potential impacts on the Administrative Justice landscape, within which NIPSO operates.</p>

NIPSO has also begun to plan for the re-emergence from Covid-19 and to that end a very significant project involving seven key work streams has been initiated in May 2020.

Key NIPSO Risks other than Covid-19.

The other key risks recognised by NIPSO as at 31 March 2020 are being carefully re-assessed, particularly in light of Covid-19 and also with the restoration of the NI Assembly and the revised Brexit timescale of December 2020 in mind. These additional risks would include:

- Fluctuations in case numbers, threatening quality of decision-making, and achievement of KPIs and potentially affecting staff resourcing plans
- Detrimental impact (reputational and financial) of a successful legal challenge to the investigation/adjudication process or the adjudication decision
- Delayed commencement of NIPSO Complaints Standard Authority (CSA) powers
- Uncertainty over future years' budgets (2021-22 onwards)
- Failure to effectively communicate key NIPSO roles, including public interest reporting, Own Initiative and learning from complaints, to main stakeholders
- Failure of bodies to agree and implement the Ombudsman's recommendations
- Ineffective partnership with public service providers, policy makers, scrutiny bodies and regulators to identify opportunities for further public service improvements

A fundamental revision of NIPSO's full Corporate Risk Register was completed as at the end of the first quarter of 2020-21. This was considered by the ARC at the end of July 2020.

Internal Control System

In addition to the established Policy and Framework for Risk Management, NIPSO 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 staff was issued in 2017. A 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 2017. Staff must adhere to all relevant internal control policies and procedures.

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

- (i) The SMT, which meets monthly to consider, plan and review the performance and strategic direction of the Office.
- (ii) A report prepared by the Chairman of the Audit and Risk Committee assessing the work and effectiveness of the Committee.
- (iii) Strategic and business planning processes to evaluate past performance against Business Plan targets and set 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 established and 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, in which I take a continuous interest. The Office has a full suite of information related policies. Information Management strategies continue to be 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 General Data Protection Regulation 2018 (GDPR), Data Protection Act 2018 (DPA), Freedom Of Information Act 2000 (FOI) and Environmental Information Regulations 2004 (EIR). These 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 established 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).

During 2019-20 an internal audit on GDPR compliance has been conducted which endorsed the Office's thorough approach to information security, making six recommendations, with an overall satisfactory rating.

The DPO and staff from the Finance & Corporate Services Directorate have commenced a review of both the Office's off-site and on-site storage arrangements. This forms part of the Office's commitment to review its technical and organisational measures to ensure compliance with the GDPR and the DPA.

During 2019-20 the DPO and staff from across the Office ensured that minimal risk was posed to the security of information in preparation of, during transit and whilst a number of staff members were re-located to the offices of the Northern Ireland Audit Office (NIAO), as part of the Office refurbishment works during the year. All relevant control measures were put in place throughout this period with the result that the security of that information was not put at undue risk and no data security incidents were recorded during the period.

Staff are kept up to date by the DPO regarding any changes in practice required by the GDPR. The Office's suite of information assurance policies were due to be reviewed following the conclusion of the Office's accommodation project including a revised clear desk policy. However due to the onset of Covid-19 this review has not yet been completed.

Budget Position

During the year NIPSO's Finance and Corporate Services staff have liaised with DoF in the course of monitoring rounds and as required in establishing and where necessary adjusting the in-year budgetary needs.

The Assembly passed the Budget Act (Northern Ireland) 2020 in March 2020 which authorised the cash and use of resources for NIPSO for the 2019-20 year, based on the Executive's final expenditure plans for the year. The Budget Act (Northern Ireland) 2020 also authorised a Vote on Account to authorise NIPSO's access to cash and use of resources for the early months of the 2020-21 financial year. While it would be normal for this to be followed by the 2020-21 Main Estimates and the associated Budget (No. 2) Bill before the summer recess, the COVID-19 emergency and the unprecedented level of allocations which the Executive has agreed in response, has necessitated that the Budget (No. 2) Bill is instead authorising a further Vote on Account to ensure that all departments, including NIPSO, have access to the cash and resources through to the end of October 2020, when the Main Estimates will be brought to the Assembly and the public expenditure position is more stable.

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 NIAO 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 2019-20. 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 NIPSO.

Significant Internal Control Weakness

I am pleased to report that there were no significant weaknesses in the Office's system of internal controls in 2019-20 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 2019-20. The Information Commissioner concluded that there was no further action required in this instance.

Non-adjusting Event after the Reporting Period

The Working Time (Coronavirus) (Amendment) Regulations (Northern Ireland) 2020 came into operation on 24 April 2020. They allow those workers who are unable to take annual leave as result of the pandemic to carry over up to four weeks' annual leave into the next two leave years. Any exemption will apply only to circumstances where workers are unable to take their leave as a result of the outbreak, and carry over of annual leave will be limited to the next two leave years. The change in regulations may lead to an increase in the value of accrued annual leave carried over in the next two years by NIPSO. It is not possible to give a reasonable estimate of the impact at this time.

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 for a single term of seven years. In the event of the position becoming vacant, as has occurred in 2019-20, the 2016 Act provides for the appointment of an Acting Ombudsman for a period extending no longer than the first anniversary of the vacancy arising. The Deputy Ombudsman, Paul McFadden, was appointed as Acting Ombudsman with effect from 1 March 2020 and I was appointed as Ombudsman with effect from 19 August 2020. The 2016 Act provides for the remuneration of the Ombudsman/Acting Ombudsman, together with 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 relevant remuneration, including associated pension and national insurance contributions, is disclosed in Note 3.1 to the Accounts on page 56.

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 the Ombudsman 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 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 the SMT in the current and prior reporting years.

Remuneration of the Ombudsman (audited Information)

	2019-2020				2018-2019			
Ombudsman	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) Restated*	Total (£'000)
Mrs Marie Anderson (until 15/07/19)	35-40 (100-105 FYE) [^]	-	-	35-40 (100-105 FYE)	95-100	-	46,000	145-150

[^] FYE = Full Year Equivalent

* Pension benefits from 2018-19 have been restated in line with revised figures provided by the Northern Ireland Civil Service Pensions Branch.

Remuneration of the Acting Ombudsman (audited Information)

	2019-2020				2018-2019			
Ombudsman	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) Restated**	Total (£'000)
Mr Paul McFadden* (from 01/03/20)	85-90	-	34,000	120-125	70-75	-	30,000	100-105

* Paul McFadden was appointed as the Northern Ireland Public Services Acting Ombudsman with effect from 01/03/20. Prior to this Paul held the position of Deputy Ombudsman.

** Pension benefits from 2018-19 have been restated in line with revised figures provided by the Northern Ireland Civil Service Pensions Branch.

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

Senior Management Remuneration (audited information)

	2019-2020				2018-2019			
Officials	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 Restated**	Total (£'000)
Mrs Michaela McAleer Director (from 03/03/20 temporary joint Deputy Ombudsman)	55-60	-	23,000	80-85	50-55	-	22,000	75-80
Mr Sean Martin Director (from 03/03/20 temporary joint Deputy Ombudsman)	50-55	-	22,000	75-80	50-55	-	24,000	70-75
Mr John McGinnity Director	55-60	-	13,000	65-70	50-55	-	7,000	60-65
Mrs Claire McIlhatton Director	30-35 (50-55 FTE) [^]	-	13,000	45-50 (65-70 FTE) [^]	30-35 (50-55 FTE) [^]	-	15,000	45-50 (65-70 FTE) [^]

*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 exclude those due to inflation or any increase or decreases due to a transfer of pension rights.

**Pension benefits from 2018-19 have been restated in line with revised figures provided by Civil Service Pensions branch NI.

^ 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.

Pay Multiples (audited information)

	2019-20	2018-19
Band of Highest Paid earner Total Remuneration* (£000)	85-90	95-100
Median Total Remuneration*(£)	32,157	32,716
Ratio	2.72	2.98

* Total remuneration includes salary, non-consolidated performance-related pay, benefits in kind. It does not include severance payments, 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's 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 2019-20 was £85k-90k (2018-19, £95k-£100k). This was 2.87 times (2018-19, 2.98) the median remuneration of the workforce, which was £32,157 (2018-2019 £32,716). The Office's highest paid earner was the Acting Ombudsman, who was also the Interim Accounting Officer. However, as noted on page 30, the remuneration of the Acting Ombudsman was met from the Consolidated Fund.

In 2019-20, no employees (2018-19, Nil) received remuneration in excess of the highest-paid earner.

The remuneration of staff ranged from £15,857 to £53,518 (2018-19: £22,720- £74,748).

Remuneration of NIPSO Audit and Risk Committee Independent Chair and Independent Members.

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

	2019-20 £'s		2018-19 £'s	
	Basic Remuneration	Benefit in Kind	Basic Remuneration	Benefit in Kind
David Best (Independent Chairperson) until 24 June 2019	760	-	2,130	-
Dónall Curtin (Independent Chairperson) 24 June 2019 onwards	2,504	-	-	-
John Paul Irvine (Independent Non-Executive Member)	1,540	-	900	-
Ursula O'Hare (Independent Non-Executive Member)	1,240	-	1,200	-

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)

Officials	Accrued pension at pension age as at 31/3/20 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/20	CETV at 31/3/19	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
Mrs Marie Anderson Ombudsman (until 15/07/19)	20-25	0-2.5	301	298	-1	-

Pension Benefits of the Acting Ombudsman (audited information)

Officials	Accrued pension at pension age as at 31/3/20 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/20	CETV at 31/3/19	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
Mr Paul McFadden Acting Ombudsman*	5-10	0-2.5	61	40	12	-

*Paul McFadden was appointed to the role of Acting Ombudsman with effect from 01/03/20. Prior to this, Paul held the position of Deputy Ombudsman.

Pension Entitlements of Senior Management (audited information)

Officials	Accrued pension at pension age as at 31/3/20 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/20	CETV at 31/3/19	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
Mr John McGinnity Director	15-20 plus lump sum of 45-50	0-2.5 plus lump sum 0-2.5	370	341	12	-
Mr Sean Martin Director	5-10	0-2.5	61	44	12	-
Mrs Claire McIlhatton Director	0-5	0-2.5	53	39	10	-
Mrs Michaela McAleer Director	0-5	0-2.5	46	31	10	-

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 2019 was 1.7% and HM Treasury has announced that public service pensions will be increased accordingly from April 2020.

Employee contribution rates for all members for the period covering 1 April 2020 – 31 March 2021 are as follows:

Scheme Year 1 April 2020 to 31 March 2021

Annualised Rate of Pensionable Earnings (Salary Bands)		Contribution rates – All members
From	To	From 01 April 2020 to 31 March 2021
£0	£ 23,999.99	4.60%
£24,000.00	£55,499.99	5.45%
£55,500.00	£152,499.99	7.35%
£152,500.00 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 www.finance-ni.gov.uk/civilservicepensions-ni

Cash Equivalent Transfer Value (CETV)

This 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 2019-20, the Office paid £108,123 (2018-19: £25,941) for temporary staff. The increase is due to the need for increased short-term staffing cover for maternity and long term sickness absences as well as short term project support requirements.

Staff Report

Staff numbers and related costs (audited information)

Staff costs comprise:

			2019-20 £000	2018-19 £000
	Permanently employed staff	Others	Total	Total
Wages and salaries	1,385	98	1,483	1,435
Social security costs	144	7	151	145
Other pension costs	422	3	425	309
Sub Total	1,951	108	2,059	1,889
Less recoveries in respect of outward secondments	21	-	21	48
Total net costs	1,930	108	2,038	1,841

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 2016 scheme valuation was completed by GAD in March 2019. The outcome of this valuation was used to set the level of contributions for employers from 1 April 2019 to 31 March 2021.

For 2019-20, employers' contributions of £421,363 were payable in respect of NICS pensions (2018-19 £308,529) at one of three rates in the range 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% per annum 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 (2018-19 £Nil) were paid to one or more of the panel of two appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% (2018-19, 8% to 14.75%) of pensionable pay.

The partnership pension account offers the member the opportunity of having a 'free' pension. The employer will pay the age-related contribution and if the member does contribute, the employer will pay an additional amount to match member contributions up to 3% of pensionable earnings.

Employer contributions of £Nil, 0.5% (2018-19 £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.

Contributions due to the **partnership** pension providers at the reporting period date were £Nil. Contributions prepaid at that date were £Nil.

No members of staff (2018-19: Nil) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £Nil (2018-19: £Nil).

Average number of persons employed (audited information)

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

		2019-20 Number	2018-19 Number
	Permanent staff		
	Others		
	Total		Total
Total	38	3	41
			38

Reporting of Civil Service and other compensation schemes- exit packages

NIPSO did not incur any exit package costs in the year under review (2018-19 also £Nil).

Staff Numbers as at 31 March 2020

	Male	Female	Total
Acting Ombudsman/ Acting Deputy Ombudsman	2	1	3
Other Senior Management Team	1	1	2
Other Staff	14	28	42
Total	17	30	47

Absence Data

Sickness absence data for 2019-20 is as follows:

Working Days lost 2019-20	Average days lost per WTE member of staff	Absence Rate 2019-20 %
532	14	6.3%

The above figures are based on information available as at 31 March 2020. This absence rate represents a significant increase from the 2.2% (4.7 days per WTE employee) reported in 2018-19. This is mainly accounted for by a number of employees who recorded long term absences during the reporting year.

Expenditure on External Consultancy

NIPSO did not incur any external consultancy costs in the year under review (2018-19 also £nil).

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. The SoAS and related notes are subject to audit, as detailed in the Certificate and Report of the Comptroller and Auditor General to the Northern Ireland Assembly.

The SoAS is a key accountability statement that shows, in detail, how an entity has spent against their Supply Estimate. Supply is the monetary provision for resource and cash (drawn primarily from the Consolidated Fund), that the Assembly gives statutory authority for entities to utilise. The Estimate details Supply and is voted on by the Assembly at the start of the financial year and is then normally revised by a Supplementary Estimate at the end of the financial year. It is the final Estimate, normally the Spring Supplementary Estimate, which forms the basis of the SoAS. Should an entity exceed the limits set by their Supply Estimate, called control limits, their accounts will receive a qualified opinion.

The format of the SoAS mirrors the Supply Estimates to enable comparability between what the Assembly approves and the final outturn. The Supply Estimates are voted by the Assembly and published on the DoF website.

The supporting notes detail the following: Outturn detailed by Estimate line, providing a more detailed breakdown (note 1); a reconciliation of outturn to net operating expenditure in the SOCNE, to tie the SoAS to the financial statements (note 2); a reconciliation of net resource outturn to net cash requirement (note 3); an analysis of income payable to the Consolidated Fund (note 4), a reconciliation of income recorded within the Statement of Comprehensive Net Expenditure to operating income payable to the Consolidated Fund (note 5); and detail on non-operating income – excess Accruing Resources (note 6).

Summary tables – mirror Part II and III of the Estimates

Summary table, 2019–20, all figures presented in £000

Type of spend	Outturn			Estimate			Outturn vs Estimate, saving / (excess)	Prior Year Outturn Total,	
	Note	Gross Expenditure	Accruing Resources	Net Total	Gross Expenditure	Accruing Resources	Net Total	Net Total	2018-19
Request for Resources									
A	SOAS1	2,879	275	2,604	2,920	277	2,643	39	2,591
Total resources	SOAS2	2,879	275	2,604	2,920	277	2,643	39	2,591
Non-operating cost AR		-	-	-	-	-	-		-

Net Cash Requirement 2019-20	Note	Outturn	Estimate	2019-20	2018-19
				£000	£000
				Outturn v Estimate: saving/(excess)	Prior Year Outturn Total, 2018-19
Net cash requirement	SOAS3	3,349	3,565	216	2,621

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 2019-20		Outturn 2019-20	
		£000	£000	£000	£000
		Income	<i>Receipts</i>	Income	<i>Receipts</i>
Total income payable to the Consolidated Fund	SOAS4	-	-	2	4

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

Notes to the Statement of Assembly Supply, 2019 – 20 (£000)

SOAS Note 1 - Outturn detail, by Estimate line

Resource	Resource Outturn					Estimate				Outturn vs Estimate (inc. virements) savings/(excess)	Prior year outturn total, 2018-19
	Admin	Other current	Grants	Gross resource expenditure	Accruing resources	Net Total	Net Total	Vire-ment*	Net Total inc. virements		
Request for resources A:											
Departmental Expenditure in DEL											
1. Investigation and Adjudication	-	2,849	-	2,849	275	2,574	2,614	(1)	2613	39	2,577
Annually Managed Expenditure (AME)											
2. Investigation and Adjudication	-	16	-	16	-	16	15	1	16	-	-
Non Budget											
3. Notional charges	-	14	-	14	-	14	14	-	14	-	14
Resource Outturn	-	2,879	-	2,879	275	2,604	2,643	-	2,643	39	2,591

*Virements are the reallocation of provision in the Estimates that do not require Assembly authority (because the Assembly does not vote to that level of detail and delegates to DoF). Further information on virements are provided in the Supply Estimates in Northern Ireland Guidance Manual, available on the DoF website.

The Outturn vs Estimate column is based on the total including virements. The Estimate total before virements have been made is included so that users can reconcile this Estimate back to the Estimates approved by the Assembly.

Request for resources A

The net resource outturn equalled £2.604 million, £39k less than the Estimate, a variance of 1.5%. A virement request from NIPSO was approved by the Department of Finance in respect of a £1 thousand excess Annually Managed Expenditure requirement. This arose from updated DOF guidance issued in August 2020 on the estimation of a provision for backdated holiday pay.

The £39k variance arose primarily from legal fees (accounting for some £12k), and from a number of other areas of general expenditure, including IT maintenance (£12k), Consultancy fees (£12k), miscellaneous other (net £3k).

Key to Request for Resources and Functions

Request for resources A

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

SOAS Note 2 - Reconciliation of outturn to net operating cost

		2019-20 £000			2018-19 £000
	Note	Outturn	Supply Estimate	Outturn compared with Estimate	Outturn
Net Resource Outturn	SOAS1	2,604	2,643	39	2,591
Non-supply income (CFERs)	SOAS4	(2)	-	2	(2)
Non-supply expenditure	SOCNE	64	52	(12)	132
Income (landlord contribution)		250	-	(250)	-
Lease expenditure credit		(4)	-	4	-
Net operating cost in Statement of Comprehensive Net Expenditure		2,912	2,695	(217)	2,721

As noted in the introduction to the SoAS above, outturn and the Estimates are compiled against the budgeting framework, which is analogous to, but slightly different to, IFRS. Therefore, this note reconciles the resource outturn to net operating expenditure, linking the SoAS to the financial statements.

The exceeding on the Net Operating Cost compared with the Estimate arose due to the accounting treatment of the landlord's contribution to refurbishment costs under International Financial Reporting Standards.

SOAS Note 3 - Reconciliation of net resource outturn to net cash requirement

	Note	Outturn £000	Estimate £000	Net total outturn compared with estimate: saving/ (excess) £000
Resource Outturn	SOAS1	2,604	2,643	39
Capital				
Acquisition of Fixed assets	6	891	1,020	129
Accruals to cash adjustments:				
<i>Adjustments to remove non-cash items:</i>				
Depreciation and amortisation	3.1	(44)	(49)	(5)
Other non-cash items	3.1	(14)	(14)	-
Movement in Working Capital		-	(20)	(20)
New Provisions	3.1/12	(16)	(15)	1
<i>Adjustments to reflect movements in working balances:</i>				
Increase in receivables	10	11	-	(11)
(Increase) in payables falling due within one year	11	(83)	-	83
Net cash requirement		3,349	3,565	216

For both Outturn and Estimate, most of the gap between the net resource outturn and the net cash requirement (NCR) relates to capital expenditure which forms part of the NCR but not the resource outturn. In respect of those elements of the reconciliation where there are significant variations between Outturn and Estimate, these are explained as follows:

- Acquisition of fixed assets – lower than estimate due to the in-year office refurbishment coming in under budget and some planned IT and minor capital works being delayed/deferred owing to Covid-19.
- Movement in Working Capital – The Estimate included separate identification of a contract retention sum in relation to the in-year office refurbishment works, the outturn of which is included in the (Increase) in payables falling due within one year.
- Increase in payables due primarily in delays in submission and receipt of supplier invoices around the year end, owing to the effects of Covid-19.

SOAS Note 4 - Income payable to the Consolidated Fund**SOAS Note 4.1 - 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 2019-20 £000		Outturn 2019-20 £000	
		Income	<i>Receipts</i>	Income	<i>Receipts</i>
Operating income and receipts – excess Accruing Resources		-	-	-	-
Other operating income and receipts not classified as Accruing Resources	5	-	-	2	4
Total income payable to the Consolidated Fund		-	-	2	4

SOAS Note 5 - Reconciliation of income recorded within the Statement of Comprehensive Net Expenditure to operating income payable to the Consolidated Fund

	Note	2019-20 £000	2018-19 £000
Operating income	5	27	50
Income Authorised to be used as Accruing Resources		(25)	(48)
Operating income payable to the Consolidated Fund	SOAS4	2	2

SOAS Note 6 - Non-operating income – Excess Accruing Resources

NIPSO had no Non-operating income – Excess Accruing Resources for the period ending 31 March 2020 (31 March 2019 - Nil).

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 note 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.

iv. Covid-19

In November 2019 a novel strain of coronavirus was detected and spread rapidly, leading the World Health Organisation to declare a pandemic on 11 March 2020. The pandemic caused significant economic disruption just before the financial year end.

The ongoing disruption caused by the pandemic has created significant economic uncertainty, and this uncertainty is expected to continue throughout 2020. As a result, an unquantifiable contingent liability is disclosed, relating to as yet undefined measures that may be necessary as NIPSO re-emerges from the effects of the pandemic, in accordance with its "Strategy Document for the re-emergence from lockdown" This is also referred to in note 13. In accordance with accounting standards, no contingent assets can be recognised.

v. UK exit from the EU

On 29 March 2017, the UK Government submitted its notification to leave the EU in accordance with Article 50. On 31 January 2020, the Withdrawal Agreement between the UK and the EU became legally binding and the UK left the EU. The future relationship between the EU and the UK will be determined by negotiations taking place during a transition period ending on 31 December 2020.

Any subsequent changes in legislation, regulation and funding arrangements are subject to the outcome of the negotiations. As a result, an unquantifiable contingent liability is disclosed, relating to the as yet uncertain outcome of the negotiations referred to above. This is also referenced in note 13. In accordance with accounting standards, no contingent assets can be recognised.



Margaret Kelly
Accounting Officer

22 October 2020

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 2020 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 2020 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 2020 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.

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the Northern Ireland Public Services Ombudsman's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Northern Ireland Public Services Ombudsman has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Northern Ireland Public Services Ombudsman's ability to continue to adopt the going concern basis.

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. 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.

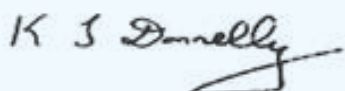
Matters on which I report by exception

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

26 October 2020

Northern Ireland Public Services Ombudsman

Financial Statements

Statement of Comprehensive Net Expenditure for the year ended 31 March 2020

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.

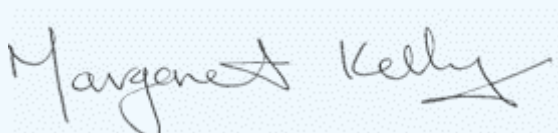
		2019-20 £000	2018-19 £000
	Note		
Other operating income	5	(27)	(50)
Total Operating Income		(27)	(50)
Staff expenditure	3	2,059	1,889
Purchase of goods and services	3.1	742	718
Depreciation and impairment charges	3.1	44	18
Consolidated fund standing services	3.1	64	132
Other operating expenditure	3.1	14	14
Provision expense	3.1	16	-
Total Operating Expenditure		2,939	2,771
Net Operating Expenditure	SOAS 2	2,912	2,721
Comprehensive Net Expenditure for the year ended 31 March 2020		2,912	2,721

Northern Ireland Public Services Ombudsman

Statement of Financial Position as at 31 March 2020

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.

		2020 £000	2019 £000
	Note		
Non-current assets			
Property, plant and equipment	6	878	11
Intangible assets	7	60	81
Total non-current assets		938	92
Current assets			
Trade and other receivables	10	95	84
Cash and cash equivalents	9	49	18
Total current assets		144	102
Total assets		1,082	194
Current liabilities			
Trade and other payables	11	(271)	(157)
Provisions	3.1/12	(16)	-
Total current liabilities		(287)	(157)
Total assets less current liabilities		795	37
Non-current liabilities			
Other payables	11	(229)	-
Total non-current liabilities		(229)	-
Total assets less total liabilities		566	37
Taxpayers' equity & other reserves:			
General fund		555	27
Revaluation reserve		11	10
Total equity		566	37



Margaret Kelly
Accounting Officer

22 October 2020

Northern Ireland Public Services Ombudsman

Consolidated Statement of Cash Flows for year ended 31 March 2020

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.

		2019-20 £000	2018-19 £000
	Note		
Cash flows from operating activities			
Net operating cost		(2,912)	(2,721)
Adjustments for non-cash transactions	3.1	74	32
(Increase)/Decrease in trade and other receivables	10	(11)	(9)
less movements in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure		-	-
Increase in trade and other payables	11	343	38
<i>less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>	11	(31)	(4)
<i>Less Movement in payables relating to the purchase of property, plant & equipment</i>	11	(26)	-
Net cash outflow from operating activities	SOAS3	(2,563)	(2,664)
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(865)	-
Purchase of intangible assets	7	-	(84)
Net cash outflow from investing activities	SOAS3	(865)	(84)
Cash flows from financing activities			
From the Consolidated Fund (Supply) – current year		3,395	2,633
From the Consolidated Fund (Non-Supply)		64	132
Net Financing		3,459	2,765
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		31	17
Payments of amounts due to the Consolidated Fund		-	(10)
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		31	7
Cash and cash equivalents at the beginning of the period	9	18	11
Cash and cash equivalents at the end of the period	9	49	18

Northern Ireland Public Services Ombudsman

Consolidated Statement of Changes in Taxpayers' Equity for the year ended 31 March 2020

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 £000	Revaluation Reserve £000	Taxpayer's Equity £000
Balance at 31 March 2018		(17)	10	(7)
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		-	-	-
Balance at 31 March 2019		27	10	37
Net Assembly Funding		3,411	-	3,411
Consolidated Fund Standing Services		64	-	64
Supply (payable)/receivable adjustment		(45)	-	(45)
CFERS payable to the Consolidated Fund		(4)	-	(4)
Comprehensive Net Expenditure for the Year		(2,912)	-	(2,912)
Auditors' Remuneration	3.1	12	-	12
Welfare Support	3.1	2	-	2
Transfers between reserves		-	1	1
Balance at 31 March 2020		555	11	566

Northern Ireland Public Services Ombudsman

Notes to the NIPSO Annual Report and Accounts 2019-20

1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2019-20 Government Financial Reporting *Manual (FReM)* issued by the Northern Ireland Department of Finance. The accounting policies contained in the *FReM* apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the *FReM* permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of NIPSO for the purpose of giving a true and fair view has been selected. The particular policies adopted by NIPSO for the reportable activity are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

In addition to the primary statements prepared under IFRS, the *FReM* also requires NIPSO to prepare one additional primary statement. The Statement of Assembly Supply and supporting notes show outturn against Estimate in terms of the net resource requirement and the net cash requirement.

1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified where appropriate to account for the revaluation of property, plant and equipment and intangible assets.

1.2 Property, plant and equipment

Property, plant and equipment held by NIPSO comprise Office Equipment, Computer Equipment and Furniture and Fixtures. These assets have been stated at the lower of replacement cost and recoverable amount. On initial recognition they are measured at cost including any costs such as installation directly attributable to bringing them into working condition. All property, plant and equipment are restated to fair value each year if material. The minimum level of capitalisation of a tangible asset is £1,000.

Fair value is estimated by restating the value annually by reference to indices compiled by the Office of National Statistics (ONS).

Property, plant and equipment are depreciated at rates calculated to write them down to estimated residual value on a straight-line basis over their estimated useful lives.

Asset lives are normally in the following ranges:

- Office Equipment 2 – 18 years
- Computer Equipment 2 – 10 years
- Fixtures and Fittings 3 – 15 years

1.3 Intangible assets

Purchased computer software and software licenses are capitalised as an intangible asset where expenditure of £1,000 or more is incurred. Except where reliable evidence of current value cannot be readily ascertained, these are restated to fair value each year if material. Software licences are amortised over the shorter of the term of the licence and their useful economic lives. Intangible asset lives are normally in the following ranges:

- Software 3 – 10 years
- Software Licences 2 – 10 years

1.4 Operating income

Operating income is income which relates directly to the operating activities of NIPSO. Operating income is stated net of VAT.

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 annual leave and net flexi-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 (Note 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 2021.

IFRS 16, when effective from 2021-22, 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.

IFRS 17 Insurance Contracts will replace IFRS 4 Insurance Contracts and is effective for accounting periods beginning on or after 1 January 2023. In line with the requirements of the FReM, IFRS 17 will be implemented, as interpreted and adapted for the public sector, including NIPSO, with effect from 1 April 2023.

Initial application of both IFRS 16 and IFRS 17 is expected to have relatively little impact on NIPSO's financial statements.

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 standalone entity these standards have no impact on NIPSO's reporting requirements as the concepts of "accounting boundary" and "consolidation boundary" are not relevant 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 allocated on the number of staff per area.

	2019-20			2018-19		
	NIPSO £000	LGES £000	Total £000	NIPSO £000	LGES £000	Total £000
Gross Expenditure:						
Staff expenditure	1,685	374	2,059	1,607	282	1,889
Other Administration costs	643	*161	804	545	*205	750
Provision	16	-	16	-	-	-
Income	(275)	-	(275)	(48)	-	(48)
Net Expenditure (resource outturn)	2,069	535	2,604	2,104	487	2,591

*The £161,000 (£205,000 2018-19) Other Administration costs includes £110,000 (£50,000 2018-19) 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

	2019-20			2018-19		
	NIPSO £000	LGES £000	Total £000	NIPSO £000	LGES £000	Total £000
Net Expenditure (resource outturn)	2,069	535	2,604	2,104	487	2,591
Non-supply Income (CFERS)	(2)	-	(2)	(2)	-	(2)
Landlord contribution	250	-	250	-	-	-
Non-supply expenditure (Ombudsman's salary)	48	16	64	99	33	132
Lease expenditure credit	(4)	-	(4)	-	-	-
	2,361	551	2,912	2,201	520	2,721

3. Staff Expenditure

	2019-20 £000	2018-19 £000
Staff Expenditure:		
Wages and salaries	1,483	1,435
Social security costs	151	145
Other pension costs	425	309
Sub total	2,059	1,889
Less recoveries in respect of outward secondments	(21)	(48)
Net Total costs	2,038	1,841
Of which:		
Charged to administration	2,038	1,841
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

		2019-20 £000	2018-19 £000
	Note		
Consolidated Fund Standing Services		64	132
		64	132
Rentals under operating leases		90	86
Other expenditure*		191	144
Premises expenses		68	63
Rates		54	53
Office Services		35	31
Consultancy Services		27	-
Professional services		265	324
Travel and subsistence		12	17
		742	718
Non-cash items			
Depreciation	6	23	13
Amortisation	7	21	5
		44	18
Provision provided for in year	12	16	-
Auditors' remuneration and expenses		12	12
Other notional charges (Welfare support)		2	2
		30	14
Total		880	882

*The £191,000 (£144,000 2018-19) other expenditure includes £110,000 (£50,000 2018-19) 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 £81,000 (£94,000 2018-19).

4. Programme Expenditure

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

5. Operating Income

	2019-20 £000	2018-19 £000
	Total	Total
Income from secondments	21	48
Lease credit	4	-
Other income	2	2
	27	50

6. Property, plant and equipment

2019-20

	Office Equipment £000	Computer Equipment £000	Fixtures & Fittings £000	Total £000
Cost or valuation				
At 1 April 2019	5	22	48	75
Additions	4	-	887	891
Disposals	(5)	(5)	(45)	(55)
Revaluations	-	-	1	1
At 31 March 2020	4	17	891	912
Depreciation				
At 1 April 2019	4	21	39	64
Charged in year	1	-	22	23
Disposals	(5)	(5)	(44)	(54)
Revaluations	-	-	1	1
At 31 March 2020	-	16	18	34
Carrying amount at 31 March 2019	1	1	9	11
Carrying amount at 31 March 2020	4	1	873	878
Asset Financing:				
Owned	4	1	873	878
Carrying amount at 31 March 2020	4	1	873	878

Notes

Property, plant and equipment were revalued on the basis of indices, where material (see Note 1.2 on page 53 for details).

2018-19

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

7. Intangible assets

Intangible assets comprise of software and software licences.

2019-20

	Software	Software Licences	Total
	£000	£000	£000
Cost or valuation			
At 1 April 2019	170	5	175
Additions	-	-	-
Disposals	-	-	-
Revaluation	-	-	-
At 31 March 2020	170	5	175
Amortisation			
At 1 April 2019	89	5	94
Charged in year	21	-	21
Disposals	-	-	-
Revaluation	-	-	-
At 31 March 2020	110	5	115
Carrying amount at 31 March 2019	81	-	81
Carrying amount at 31 March 2020	60	-	60
Asset Financing:			
Owned	60	-	60
Carrying amount at 31 March 2020	60	-	60

2018-19

	Software	Software Licences	Total
	£000	£000	£000
Cost or valuation			
At 1 April 2018	86	5	91
Additions	84	-	84
Disposals	-	-	-
Revaluation	-	-	-
At 31 March 2019	170	5	175
Amortisation			
At 1 April 2018	84	5	89
Charged in year	5	-	5
Disposals	-	-	-
Revaluation	-	-	-
At 31 March 2019	89	5	94
Carrying amount at 31 March 2018	2	-	2
Carrying amount at 31 March 2019	81	-	81
Asset Financing:			
Owned	81	-	81
Carrying amount at 31 March 2019	81	-	81

8. Capital and other commitments

8.1 Capital commitments

NIPSO has no contracted capital commitments as at 31 March 2020 (31 March 2019 – 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:

	2019-20 £000	2018-19 £000
Obligations under operating leases for the following periods comprise:		
Buildings:		
Not later than one year	100	64
Later than one year and not later than five years	401	-
Later than five years	979	-
	<u>1,480</u>	<u>64</u>

9. Cash and cash equivalents

	2019-20 £000	2018-19 £000
Balance at 1 April	18	11
Net change in cash and cash equivalent balances	31	7
Balance at 31 March	<u>49</u>	<u>18</u>
The following balances at 31 March were held at:		
Commercial banks and cash in hand	49	18
Balance at 31 March	<u>49</u>	<u>18</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

	2019-20 £000	2018-19 £000
Amounts falling due within one year		
Trade receivables	-	-
Other receivables – VAT	22	37
Salaries	19	-
Other	7	6
Prepayments and accrued income	47	41
Total amounts falling due within one year	<u>95</u>	<u>84</u>

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

Of the £95,000k, nil included within receivables (2018–19: nil) will be due to the Consolidated Fund once the debts are collected.

11. Trade payables, financial and other liabilities

	2019-20 £000	2018-19 £000
Amounts falling due within one year		
Trade payables	29	3
Accrual and deferred income	176	136
Other payables	17*	-
Amounts issued from the Consolidated Fund for supply but not spent at year end	45	16
Consolidated Fund extra receipts due to be paid to the Consolidated Fund		
Received	4	2
Receivable	-	-
	271	157
Amounts falling due after more than one year:		
Other payables, accruals and deferred income	229*	-

*These amounts are in respect of the balance of the contribution of £250k received from the landlord of Progressive House which has been deferred and will be released against rental expenditure over the remaining period of the lease, to 31 December 2034.

12. Provisions for liabilities and charges

	Early departure costs £'000	Backdated Holiday Pay related to Overtime £'000	Total £'000
Balance at 1 April 2019	-	-	-
Provided in the year	-	16*	16
Provisions not required and written back	-	-	-
Provision Utilised in the year	-	-	-
Balance at 31 March 2020	-	16	16

*This sum is in relation to the potential implications for NIPSO of an ongoing legal case against PSNI, regarding added holiday pay entitlement for staff who have historically worked regular overtime – a case which is currently ongoing, and which is due to go to the UK Supreme Court for final judgement.

13. Contingent liabilities

NIPSO has the following unquantifiable contingent liabilities:

Legal fees

As at 31 March 2020 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.

Paragraph 92 of IAS 37 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 cases in question.

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 2020. The amount of any financial settlement, if any, is not quantifiable.

Covid-19

In November 2019 a novel strain of coronavirus was detected and spread rapidly, leading the World Health Organisation to declare a pandemic on 11 March 2020. The pandemic caused significant economic disruption just before the financial year end.

The ongoing disruption caused by the pandemic has created significant economic uncertainty, and this uncertainty is expected to continue throughout 2020. As a result, an unquantifiable contingent liability is disclosed, relating to as yet undefined measures that may be necessary as NIPSO re-emerges from the effects of the pandemic.

UK exit from the EU

On 29 March 2017, the UK Government submitted its notification to leave the EU in accordance with Article 50. On 31 January 2020, the Withdrawal Agreement between the UK and the EU became legally binding and the UK left the EU. The future relationship between the EU and the UK will be determined by negotiations taking place during a transition period ending on 31 December 2020.

Any subsequent changes in legislation, regulation and funding arrangements are subject to the outcome of the negotiations. As a result, an unquantifiable contingent liability is disclosed, relating to the as yet uncertain outcome of the negotiations referred to above.

14. Contingent Assets

NIPSO has the following unquantifiable contingent assets:

Legal fees

As at the 31 March 2020 a legal case had been concluded which could potentially result in an inflow of economic benefit (recovery of legal costs).

15. Related-party transactions

Neither the Acting Ombudsman, nor any other members of the NIPSO Senior Management Team, undertook 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), Department for Communities and the Northern Ireland Audit Office.

16. Non-adjusting Event after the Reporting Period

The Working Time (Coronavirus) (Amendment) Regulations (Northern Ireland) 2020 came into operation on 24 April 2020 and allow those workers who are unable to take annual leave as result of the pandemic to carry over up to four weeks' annual leave into the next two leave years. Any exemption will apply only to circumstances where workers are unable to take their leave as a result of the outbreak, and carry over of annual leave will be limited to the next two leave years. The change in regulations may lead to an increase in the value of accrued annual leave carried over in the next two years by NIPSO. It is not possible to give a reasonable estimate of the impact at this time.

Date of authorisation for issue

The Accounting Officer authorised the issue of these financial statements on 26/10/2020.



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