

**Northern Ireland
Audit Office**
coverage of
The Executive Office

This document provides a
brief outline of the work of the
Northern Ireland Audit Office on
The Executive Office (TEO)

Northern Ireland Audit Office coverage of The Executive Office (TEO)

The Northern Ireland Audit Office (NIAO) is a public sector body that is totally independent of government. Our role is to help the Northern Ireland Assembly hold the Executive to account for the way it spends public money. We do this by auditing the finances of public bodies and scrutinising public spending to assess facts and value for the taxpayer, providing insights into how well public services are being delivered.

More information on the roles and responsibilities of both the Comptroller on [website](#).

The NIAO supports public scrutiny that is fair, equal and open and that leads to more effective financial management and value for money.

To do this, we carry out a number of functions: Financial Audit; Public Reporting, including Value for Money reports and Good Practice Guides; and Counter Fraud.

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

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



Suzanne Walsh

**Director – Public Reporting and
Financial Audit**

Suzanne.Walsh@niauditoffice.gov.uk
028 9025 1021



Kathy Doey

**Audit Manager – Public Reporting
and Financial Audit**

Kathy.Doey@niauditoffice.gov.uk
028 9025 1065

The Executive Office background

The Executive Office (TEO), previously the Office of the First Minister and Deputy First Minister (OFMDFM), was established in May 2016, following the restructuring of the Northern Ireland departments¹. Its aim is to contribute to, and oversee, the co-ordination of Executive policies and programmes to deliver a peaceful, fair, equal and prosperous society.

The First Minister, Rt. Hon. Arlene Foster and deputy First Minister, Michelle O'Neill, supported by the junior ministers Gary Middleton (FM) and Declan Kearney (dFM), have overall political responsibility and accountability for all the Department's activities. They set the strategic policy and resources framework for the Department.

The Permanent Secretary for the Department and interim Head of the Northern Ireland Civil Service is Jenny Pyper. Chris Stewart is the Accounting Officer for the Department as of 1st March 2021 (on an interim basis). The Executive Office is managed by the Departmental Board which is made up of senior staff and independent members.

As outlined in the 2020-21 Budget document², TEO's vision is to build a peaceful and prosperous society with respect for the rule of law, where everyone can enjoy a better quality of life now and in years to come. TEO's vision and aim are supported through the following key functions and objectives:

- the effective operation of the institutions of government in the delivery of an agreed Programme for Government (PfG);
- delivering the Executive's Good Relations strategy: Together: Building a United Community, including promoting racial equality and implementing New Decade, New Approach (NDNA) proposals on language, identity and cultural expression;
- tackling disadvantage and promoting equality of opportunity, including co-ordinating the Executive's cross-Departmental programme of Delivering Social Change;
- leading implementation of the recommendations of the Historical Institutional Abuse (HIA) Inquiry and the Victims' Payment Scheme for Permanent Disablement (VPSPD);
- leading the Northern Ireland Civil Service (NICS) engagement in the process of implementing outcomes following the UK's departure from the European Union (EU), including implications for legislation, policy and resources; and
- driving investment and sustainable development, including promotion of the Executive's policy interests internationally.

Key functions are delivered directly by TEO and its eleven arm's length bodies (ALBs) and also by working in collaboration with other relevant departments, ALBs, district councils and the voluntary and community sector.

TEO is structured into four directorates:

- The Office of the Legislative Counsel;
- International Relations Group;
- Programme for Government and Executive Support; and
- Strategic Policy, Equality & Good Relations

¹ The Executive Office (TEO) is one of nine Northern Ireland departments constituted under the Departments Act (Northern Ireland) 2016 and the Departments (Transfer of Functions) Order (Northern Ireland) 2016.

² Budget 2020-21: Department of Finance; 05 May 2020.

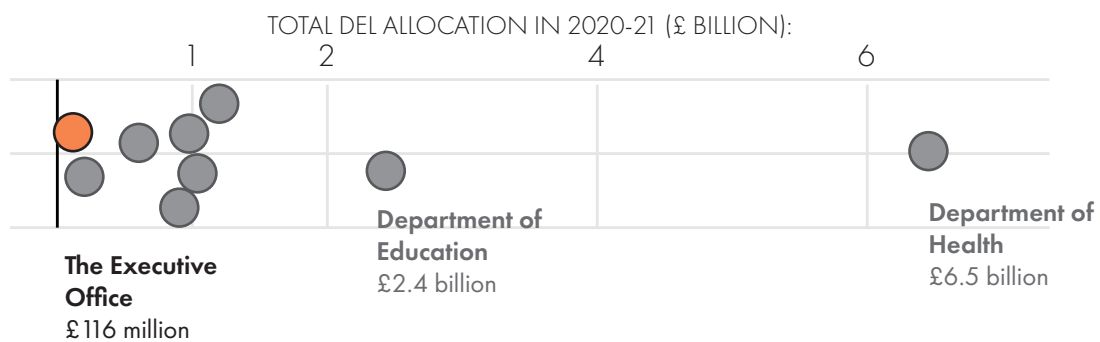
The Executive Office funding

TEO was allocated £116 million – 0.8 per cent of the Executive’s overall Resource and Capital Departmental Expenditure Limit (DEL) budget for 2020-21. Figure 1 provides an overview of the Department’s DEL funding relative to all departments and how this is allocated to various spending areas and objectives.

Budget allocations are based on the 2020-21 Budget published by the Department of Finance in May 2020. This set out the Executive’s initial spending plans for the one year period from April 2020 to March 2021. Final allocations may differ as a result of changes to funding and the in-year monitoring process which provides a formal system for reviewing spending plans and priorities for the NI departments in the financial year.

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

The Executive Office is the smallest department in terms of funding



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



The majority of the Department’s funding is used to support the Executive

SPENDING AREA	RESOURCE DEL	CAPITAL DEL	TOTAL
Executive Support	89	10	99
Good Relations	6	8	14
North-South Ministerial Council	2	0	2
Attorney General for Northern Ireland	1	0	1
TOTAL	98	18	116

Source: NIAO and Budget 2020-21; Department of Finance, 05 May 2020

The total of £98m comprises baseline, EU Exit and HIA funding. The figures exclude Executive Central Funds. The £6m shown for good relations is TEO baseline funding only (District Council Good Relations Programme, Minority Ethnic Development Fund, Community Relations Council budget and some TEO staff costs) and excludes Shared Future Funding. The £18m of capital funding includes Central Funds (SIF).

Bodies for which TEO has responsibility for sponsorship and oversight

The Department is supported in delivering its functions by the following 11 ALBs, each of which is accountable to the Department.

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

Financial Audit

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



The C&AG reports the results of his financial audit work to the Northern Ireland Assembly. From time to time, he may also produce stand-alone reports that are published as Assembly documents.

Since 2016, the C&AG has issued unqualified audit opinions for the: Community Relations Council for Northern Ireland; Commission for Victims and Survivors for Northern Ireland; Equality Commission for Northern Ireland; Maze Long Kesh Development Corporation; Victims and Survivors Service; Strategic Investment Board; and ILEX Urban Regeneration Company.

The C&AG issued a qualified audit opinion on the Department's Resource Accounts for 2016-17, along with a report attached to the accounts on the reasons why he decided to qualify his audit opinion. For 2019-20, a report was issued on the Department's Resource Accounts. A summary of the reasons for the qualification and reports are outlined below.

2016-17 TEO Resource Accounts:

The regularity opinion on TEO's accounts was qualified in respect of technical excesses for Net Resource Outturn (£35,542,900) and Net Cash Requirement (£34,166,441), as the 2016 17 Spring Supplementary Estimates could not be approved by the NI Assembly. The C&AG did not report on this qualification matter but noted a short report in his audit certificate concerning an employment project funded by the Social Investment Fund.

2019-20 TEO Resource Accounts:

Although TEO's accounts were not qualified, the C&AG issued a report on the accounting treatment of the Historical Institutional Abuse Scheme and the Victims' Payment Scheme. TEO were unable to provide sufficient evidence to provide assurance that these estimates were reliable, resulting in the amounts being recognised as a contingent liability rather than a provision.

Public Reporting

The NIAO conducts independent evidence-based examinations and produces reports to the Northern Ireland Assembly and local councils on economy, efficiency and effectiveness, performance improvement and issues arising. Through its Public Reporting programme, the NIAO seeks to promote better value for money by highlighting and demonstrating to audited bodies ways in which they could: make improvements to realise financial savings or reduce costs; guard against the risk of fraud, irregularity and impropriety; improve quality of service; strengthen and enhance management, administrative and organisational processes; and achieve their aims and objectives more cost-effectively.

The main types of public reports produced by the NIAO are set out below:

- **Value for Money (VFM) studies** – investigations which examine and report on whether economy, efficiency and effectiveness ('the three E's') have been achieved in the use of public funds providing public services and programmes;
- **Emerging Issues and Investigations** – short, reactive reports on topical issues that establish facts to produce a timely, responsive and focused report to assist public accountability;
- **Impact reports** – previously published reports may be followed up to assess progress in implementing recommendations for improvement, together with impacts of all relevant actions considered and updates provided; and
- **General reports** – on different sectors (health, central government and local government).

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

Public Reporting current and future work programme

In late 2019, the NIAO published its three year Public Reporting Programme for the period 2019-2022. The programme outlines the C&AG's planned publications for each of the three years.

In response to Covid-19, considering the pressures on public services and anticipating the need to focus on topic areas impacted by the pandemic, an assessment was undertaken to re-prioritise the Public Reporting Programme in June 2020. The C&AG has agreed a plan which identifies a realistic schedule of priority public reporting work to be progressed at this time. The Public Reporting Programme can be found on our [website](#).

In relation to TEO, the following Value for Money work is due for completion in 2020-21 and 2021-22 and the findings presented to the Public Accounts Committee:

- The Centre of Government (2021-22).

The NIAO also plan to publish two cross-cutting reports on:

- Lessons arising from Judicial Reviews for NICS decision-making; and
- Planning in NI.



Previous Public Reporting coverage in TEO

Since 2016, the NIAO has published one report on TEO and its arm's length bodies. An overview and the main findings are outlined below.

The Social Investment Fund

This 2018 report examined the structure and governance arrangements of the Social Investment Fund (SIF). The report also considered the management and delivery of projects and the outcomes being achieved by the SIF.

The key findings included:

- Project selection and prioritisation of projects were inconsistent and lacked transparency.
- Governance arrangements were weak in some areas: guidance was provided at a late stage leading to inconsistencies in decision-making; steering group meeting minutes lacked detail around agreements on funding allocations and prioritisations; conflicts of interest were not a key consideration in planning; and guidance provided on the area was inadequate.
- Programme delivery was extended by five years to an eight year period and the budget increased by over £13 million.
- Our review considered individual projects which are complete and identified outcomes to date which are promising. SIF has provided local communities with a number of benefits. Each project has developed relationships which should ensure that community organisations will continue to work together in future. Voluntary and community groups recognised that SIF gave prominence to issues such as unemployment and educational achievement in their communities. Many felt that for those individuals who had been able to participate successfully in employment, educational or early intervention schemes, there were potentially life-changing benefits.

In addition to this more recent report, the following reports related to areas overseen by TEO were published between 2011 and 2015:

2014 The Future Impact of Borrowing and Private Finance Commitments

2011 The Transfer of Former Military & Security Sites to the Northern Ireland Executive

The NIAO has also published several cross-cutting reports since 2016, including:

- **Capacity and Capability in the Northern Ireland Civil Service (November 2020)**
- **Overview of the Northern Ireland Executive's response to the COVID-19 pandemic (September 2020)**
- **Major Capital Projects (December 2019)**
- **Management of the NI Direct Strategic Partner Project – helping to deliver Digital Transformation (June 2019)**
- **The UK Border: how prepared is Northern Ireland for exiting the EU? (October 2018)**
- **Managing the Central Government Office Estate (November 2017)**
- **Northern Ireland Public Sector Voluntary Exit Schemes (October 2016)**

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



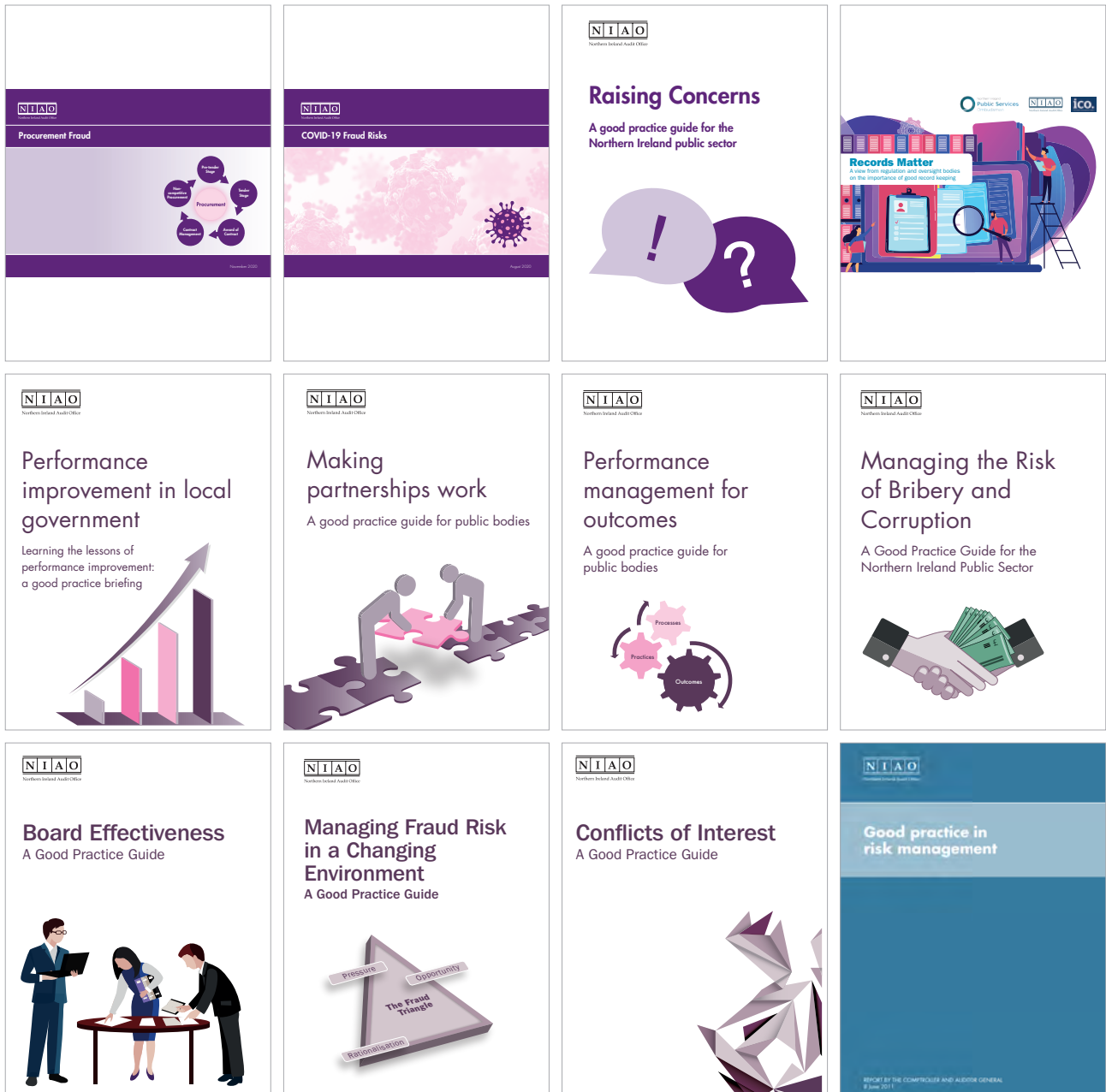
Good Practice guides

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

Copies of our good practice guides can be found in the [Publications section](#) of our website³.

Good practice guides planned for the future include:

- Asset management;
- Innovation; and
- Changing organisational culture



³ *Records matter: a view from regulation and oversight bodies on the importance of good record keeping* published 29 January 2020 is the joint work of the NIAO, the Northern Ireland Public Services Ombudsman's Office, and the UK Information Commissioner's Office.

Counter Fraud Unit

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



Reporting Fraud

Managing Public Money Northern Ireland requires all NICS departments to report immediately to the C&AG (and to the Department of Finance) all proven, suspected and attempted frauds affecting them or the ALBs sponsored by them⁴. The NIAO monitors these returns and liaises with the audited bodies to ensure that any fraud risks identified are properly addressed, for example through the introduction of additional controls.

National Fraud Initiative (NFI)

All NICS departments participate in the NFI, a UK-wide data matching exercise run every two years. To date, NFI exercises in Northern Ireland have resulted in actual and estimated savings of almost £40 million.

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

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



Raising Concerns

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

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



4 Annex A.4.7 Managing Public Money NI (<https://www.finance-ni.gov.uk/articles/managing-public-money-ni-mpmni>)



March 2021