



Northern Ireland Audit Office

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Northern Ireland Audit Office

coverage of the

Department for Infrastructure

This document provides a
brief outline of the work of the
Northern Ireland Audit Office on the
Department for Infrastructure (DfI)

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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 and Auditor General (C&AG) and the NIAO can be found on our [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 **Department for Infrastructure (DfI)**.

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



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Department for Infrastructure background

The Department for Infrastructure (DfI) came into being in May 2016¹. Nichola Mallon MLA was appointed Minister for Infrastructure in January 2020. The Minister aims to address regional imbalance and support a thriving region where people want to live, work and invest and is committed to working to deliver the infrastructure needed to improve connectivity, grow the all-island economy and play a part in tackling the climate emergency. She also wants to work collaboratively with stakeholders and partners to deliver a sustainable infrastructure that supports the region's economic wellbeing and improved wellbeing for all.

As outlined in the 2020-21 Budget document², the DfI is responsible for planning and delivering much of the infrastructure that creates the capacity and connectivity to support economic growth. The DfI delivers services to every citizen, visitor and business in the region multiple times a day, helping to connect people safely, support opportunities and create sustainable living places.

The DfI remit includes:

- roads network;
- rivers and inland waterways;
- water and sewerage network;
- public transport network – bus and rail;
- road safety services including driver and vehicle testing;
- planning legislation, policy, advice and guidance - supporting district councils in the delivery of an efficient and effective planning system; overall responsibility for processing of planning applications deemed to be of 'regional significance' or those which may be 'called in' from district councils for Ministerial decision;
- regeneration of two historic sites - the internationally recognised tourist attraction Crumlin Road Gaol and St Lucia Barracks, Omagh; and
- ports policy and the legislative framework within which ports operate in Northern Ireland.

There are three core groups within the DfI, one of which includes an executive agency – the Driver and Vehicle Agency (DVA).

- **Planning, Water and DVA:** Responsible for strategic planning, planning legislation, policy on vehicle & driver tests and driver licensing, transport policy and strategy, cycling, road safety, roadside compliance and enforcement, Crumlin Road Gaol and the St Lucia regeneration site. Also responsible for oversight of DVA.
- **Roads and Rivers:** Responsible for the management, maintenance and development of the road network, management of flood risks through construction and maintenance of drainage and flood defence infrastructure, street lighting, winter service, Strangford ferry, park and ride and development advice relating to roads issues and flooding.
- **Governance and EU Group:** Sponsor for NI Water and the NI Transport Holding Company and co-sponsor for Waterways Ireland. Also responsible for water policy, flood risk policy management, Living with Water Programme, public transport policy, concessionary fares, community transport, Rathlin ferry, inland waterways, gateways policy, corporate governance, corporate services, finance, digital and information services and EU programmes.

1 The Department for Infrastructure (DfI) 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.

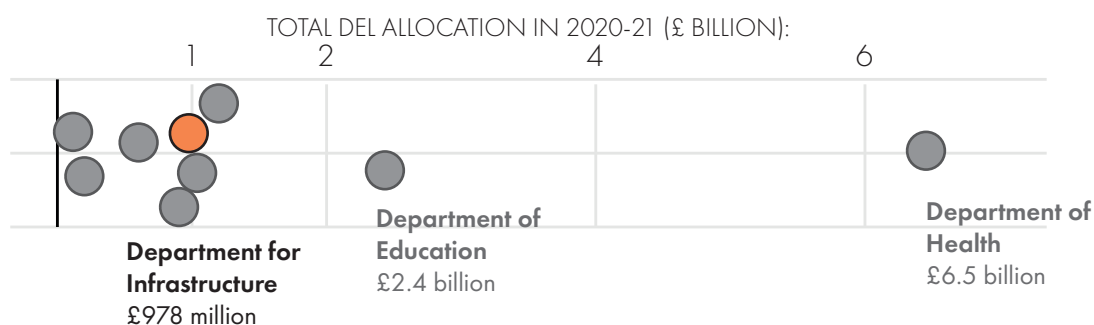
Department for Infrastructure funding

The DfI was allocated £978 million - 7 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 DfI's DEL funding relative to all departments and how this is allocated to various spending areas and objectives.

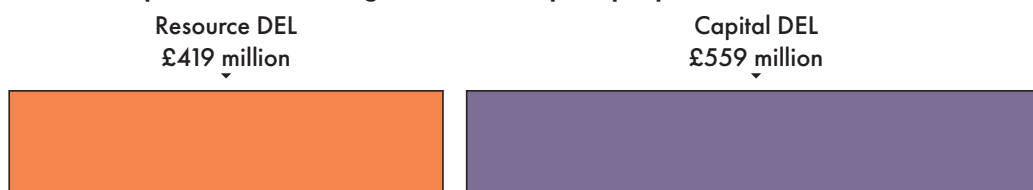
Budget allocations are based on the 2020-21 Budget published by the Department of Finance in May 2020. This set out the Executive's initial spending plans for the one year period from April 2020 to March 2021. Final allocations may differ as a result of changes to funding and the in-year monitoring process 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 Department for Infrastructure

The Department for Infrastructure is one of four departments with funding of around £1 billion



Over half of the Department's funding is used for capital projects



The Department's funding is used primarily in three areas

SPENDING AREA	RESOURCE DEL	CAPITAL DEL	TOTAL
Roads, Rivers and Waterways	187	234	421
Bus, Rail and Ports	104	166	270
Water and Sewerage	107	151	258
Road Safety (including DVA)	11	3	14
Planning and Legacy Sites	6	2	8
Waterways Ireland	4	3	7
TOTAL	419	559	978

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

Bodies for which the Department for Infrastructure has responsibility for sponsorship and oversight

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

Northern Ireland Water (NIW)

NIW is a Government Owned Company and the statutory water and sewerage undertaker operating at arm's length from central government. The Minister is responsible for overall policy and legislation and sets strategic objectives through guidance. The actual delivery of water and sewerage services is, however, the responsibility of NIW, subject to regulatory oversight by the NI Authority for Utility Regulation and environmental regulators. The Department monitors NIW's business performance and engages with the Company Board, Chair and Executive Team on strategic and shareholder matters.

Northern Ireland Transport Holding Company (NITHC)

The NITHC is a public corporation wholly owned by the DfI and the parent company of the publicly owned bus and rail companies in the region. The NITHC's statutory duties are to manage public transport properties and to oversee the activities of Translink. Three main subsidiary companies, Northern Ireland Railways, Ulsterbus and Citybus (Metro and Glider), operate under the brand name of Translink. Transport legislation requires the DfI to secure the majority of public passenger transport provision from Translink by means of a service agreement.

The DfI provides financial assistance to Translink as part of the Executive's investment in public transport. The DfI is also responsible for setting specific targets for the NITHC and monitoring the extent to which these targets are achieved. Furthermore, they are also responsible for ensuring that appropriate financial and management controls are in place and that compliance with those controls is effectively monitored.

Executive agency

The Driver & Vehicle Agency (DVA)

The DVA aims to deliver road safety and better regulation of the transport sector. Responsibilities include driver licensing, vehicle and driver testing, responsibility for those who drive for a living and roadside enforcement. Day-to-day responsibility for the management and operation of the DVA sits with the DVA Chief Executive, who is also the Accounting Officer.

Non-Departmental Public Body

NI Drainage Council

The Drainage Council for Northern Ireland was constituted under the Drainage (NI) Order 1973. It has a general scrutiny role in relation to the DfI's drainage functions, and has a statutory duty to ensure uniformity of treatment of drainage throughout Northern Ireland. It decides which designated watercourses and sea defences should be maintained at public expense to address the risk of flooding, protect existing developments, and enable future development.

North/South Body

Waterways Ireland

The DfI is the sponsor department in Northern Ireland for Waterways Ireland. This sponsorship is shared jointly with the Department of Housing, Local Government and Heritage in Ireland. Waterways Ireland is the Cross-Border Body responsible for the management, maintenance, development, promotion and restoration of the inland navigable waterways throughout the island of Ireland.

Northern Ireland Trust Ports

The DfI has responsibility for ports policy and the legislative framework within which ports operate in Northern Ireland. There are five commercial ports in Northern Ireland – four Public Trust Ports (Belfast, Londonderry, Warrenpoint and Coleraine) and one in private ownership (Larne). Public Trust Ports are autonomous, self-financing statutory bodies. They operate on a commercial basis, with the profit generated by their activities reinvested to improve their facilities. The DfI has responsibility for the appointment of the Chair and members of the Trust Ports at Belfast, Londonderry and Warrenpoint.

Financial Audit

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

Qualified audit opinions

Since 2016, the C&AG has issued one qualified audit opinion on the DfI Financial Statements. The C&AG qualified his regularity opinion on the 2016-17 Financial Statements as the DfI expended more resources than the Assembly had authorised in the Request for Resources resulting in an excess vote. In addition, the DfI required more cash than the Assembly had authorised in the Net Cash Requirement, resulting in an excess vote.

These excesses arose because the Assembly dissolved at the end of January 2017 and therefore the process of considering and approving the 2016-17 Spring Supplementary Estimates by way of a Budget Bill could not take place. Had the Assembly approved these Estimates, the excesses would not have occurred.

C&AG's report on DVA

In 2019-20, the C&AG reported on the suspension of most vehicle testing services at MOT centres due to faults identified in the scissor lifts. The C&AG's report also highlighted the ongoing financial impact of the COVID 19 pandemic on DVA. The C&AG did not qualify his audit opinion.

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 the DfI, the relevant work is:

- Planning in Northern Ireland.

The NIAO also plan to publish a cross-cutting report on:

- Lessons arising from Judicial Reviews for NICS decision-making.



Previous Public Reporting coverage in the Department for Infrastructure

An overview and main findings from a selection of NIAO reports on the DfI and its arm's length bodies are outlined below. Copies of our reports can be found in the [Publications section](#) of our website.

Major Capital Projects

This 2019 report provides a high level overview of the Northern Ireland public sector major capital projects portfolio and examines departmental progress in delivering a number of major capital projects. Between 2011 and 2019, departments managed 54 major capital projects with a total estimated cost of £5.5 billion. The DfI reported the largest major capital project portfolio, 17 projects (31 per cent of the total) with a combined cost of £2.4 billion (43 per cent of the total). The majority of the DfI projects relate to roads and transportation including, for example, four of the Executive's flagship projects: the A5 and A6 roads; the Belfast Rapid Transit system; and the Belfast Transport Hub.

The main findings of this report include:

- None of the flagship projects examined were delivered in line with both original time and budget estimates. Departments attributed this to a range of common issues including funding constraints, legal challenges, planning issues, and a lack of interest from the construction industry.
- The existing cumbersome governance and delivery structures within the Northern Ireland public sector are not conducive to maximising the achievement of value for money.

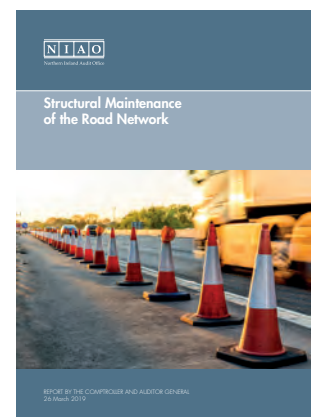
Structural Maintenance of the Road Network

This 2019 report is the NIAO's third report on this subject since 1992 and many of the same issues existing then, still exist today. In 2009, an independent assessment identified that the level of budget allocation received each year had been consistently well below that which is required to maintain the network in a steady, sustainable state. Despite the Executive's acceptance of the assessment, budget allocations for structural maintenance have consistently fallen below this level and this has resulted in an estimated £1.2 billion structural maintenance backlog. Between 2015 and 2018, the budget allocations were significantly reduced, resulting in two Ministerial directions being issued, along with the introduction of a 'limited service'.

The issue of underfunding was compounded by an over-reliance on 'in-year monitoring' funds and 'Invest to Save' funds. We identified a significant risk that the underfunding did not promote value for money, nor sustainability, and has a negative impact on the economy, jobs and safety.

The main findings of the report included:

- Decades of funding shortfalls are having a deteriorating effect on the overall condition of Northern Ireland's road network.
- Annual funding has been, on average, £50 million less than what is needed to maintain the network in a steady and sustainable state. This underfunding has increased the overall backlog of required maintenance funding to £1.2 billion.
- The DfI relies heavily on late in-year funding for structural maintenance, reducing its ability to plan this work properly and carry more of it out in periods of better weather.
- While major roads such as motorways are in better condition than previously thought, minor roads, including much of the rural network, continue to deteriorate.
- There is no roads maintenance strategy to demonstrate long-term development and maintenance requirements of the network.



- There is limited engagement with road users and limited published information on the condition of the road network.

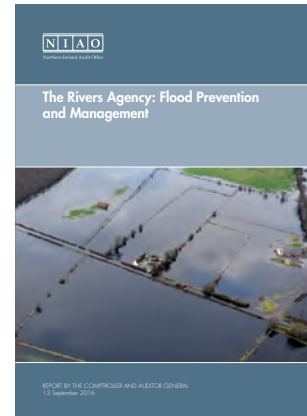
The Rivers Agency: Flood Prevention and Management

This 2016 report examined the identification of flood risk and the implementation and maintenance of the Rivers Agency's flood prevention assets. The Rivers Agency is a division of the DfI, and the statutory drainage and flood defence authority for Northern Ireland. In 2015 its flood defence assets were valued at £620 million.

We reported that, in our view, the Rivers Agency's actions in preparing for and implementing the EU Floods Directive have been effective. However, it remained too early to evaluate whether the additional capital expenditure incurred on flood defences have provided value for money.

The main findings of the report included:

- The Rivers Agency's Flood Management Strategy is in line with the EU Floods Directive requirement, and the developed Strategic Flood Map and Detailed Flood Maps are fit for purpose. These flood maps are useful for development planning, promoting and designing resilience measures, and flood defence project prioritisation.
- There are effective structures, guidance and protocols in place to allow stakeholders to collaborate during flooding incidents, which are routinely tested to identify improvements.
- The Flooding Incident Line continues to be improved but call abandonment remains high, leaving scope to improve performance.
- Over the five years to the publication of the report, the Rivers Agency invested nearly £33 million in the construction of new flood defences but the majority of these projects finished either late, over budget or both.



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

- 2015 Department for Regional Development³: The effectiveness of public transport in Northern Ireland**
- 2013 Department for Regional Development: Review of an Investigation of a Whistleblower Complaint**
- Northern Ireland Water's Response to a Suspected Fraud**
- Department for Regional Development: Archaeological Claims Settlement**

In addition the NIAO has 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)**
- **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.

³ The Department for Regional Development ceased to exist and its functions transferred to the Department for Infrastructure (DfI) from midnight on 8 May 2016.

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 website⁴.

Good practice guides planned for the future include:

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



⁴ *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 Activity

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



Reporting Fraud

Managing Public Money Northern Ireland requires all NICS departments to report immediately to the C&AG (and to the Department of Finance) all proven, suspected and attempted frauds affecting them or the ALBs sponsored by them⁵. 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](#).



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

