



Northern Ireland Audit Office

An abstract, vibrant graphic on the left side of the page. It features a complex arrangement of overlapping, semi-transparent shapes in various colors including yellow, orange, red, blue, and green. The shapes include circles, teardrops, and elongated forms, some with internal patterns like dots or swirls. There are also several small, stylized symbols scattered throughout, such as blue chevrons pointing up and right, and pink and blue plus signs. The overall effect is dynamic and modern.

# Northern Ireland Audit Office

coverage of the

## Department of Agriculture, Environment and Rural Affairs

This document provides a  
brief outline of the work of the  
Northern Ireland Audit Office on the  
**Department of Agriculture,  
Environment and Rural Affairs  
(DAERA)**

# Northern Ireland Audit Office coverage of the Department of Agriculture, Environment and Rural Affairs (DAERA)

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 of Agriculture, Environment and Rural Affairs (DAERA)**.

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



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## Department of Agriculture, Environment and Rural Affairs background

The Department of Agriculture, Environment and Rural Affairs (DAERA) was established in May 2016<sup>1</sup> bringing together most of the roles and responsibilities of the former Department of Agriculture and Rural Development and Department for the Environment. Edwin Poots was appointed as the Minister on 11 January 2020. Northern Ireland's (NI) environment is one of its most important assets and is crucial to every person. It affects health and wellbeing and the economy, and it facilitates social interaction. DAERA's Purpose is "Sustainability at the heart of a living, working, active landscape valued by everyone".

As outlined in the 2020-21 Budget document<sup>2</sup>, DAERA is uniquely placed to promote prosperity across NI by supporting a competitive, regionally balanced economy and sustainable environment. The Department assists the sustainable development of the agri-food, environmental, fishing, forestry and rural sectors of the Northern Ireland economy, having regard for the needs of consumers, the protection of human, animal and plant health, the welfare of animals and the conservation and enhancement of the environment.

Given the level of public concern about climate change, DAERA has a key co-ordination role in:

- working with other departments to reduce carbon emissions; and
- adapting NI to the change that is already underway.

In pursuit of its Purpose, the Department's existing four key strategic outcomes are:

- sustainable agri-food, fisheries, forestry and industrial sectors;
- a clean, healthy environment, benefitting people, nature and the economy;
- a thriving rural economy, contributing to prosperity and wellbeing; and
- a well-led, high performing organisation focused on outcomes.

The Department is made up of the following Groups:

- **Corporate Services and Contingency Planning:** fulfils DAERA's corporate functions; digital technology development, finance and staff support activities;
- **Rural Affairs, Forest Service and Estate Transformation:** provides support for programmes which fund economic, environmental and social measures for the benefit of the rural areas of NI; undertakes the management of 65,000 hectares of productive forest and green space, with a sustainability focus; and, with an estate of 85,000 hectares, including 900 buildings across 243 sites, continues to facilitate an organisational-wide estate transformation, with a view to optimising economic and functional performance;
- **Food and Farming:** has responsibility for food and farming policy, the Common Agricultural Policy (CAP) in Northern Ireland, science evidence and innovation policy and EU area-based schemes; also includes the College of Agriculture, Food and Rural Enterprise (CAFRE) which delivers training and further and higher education courses in the agri-food sector;
- **Veterinary Service Animal Health:** has responsibility for animal health and welfare policy and administration, and the NI Food Animal Information System; and
- **Environment, Marine and Fisheries:** responsible for environmental policy, natural resources, protecting the marine environment and maximising the sustainable use of its resources and fisheries.

The Department also has two Executive Agencies – Forest Service and NI Environment Agency.

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<sup>1</sup> The Department of Agriculture, Environment and Rural Affairs (DAERA) 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.

<sup>2</sup> Budget 2020-21: Department of Finance; 05 May 2020.

The Department oversaw the application of European Union (EU) agricultural, environmental, fisheries and rural development policy to Northern Ireland. DAERA is responsible to the Department of the Environment, Food and Rural Affairs (DEFRA) in Great Britain for the administration of schemes which cover the whole of the United Kingdom.

DAERA has a pivotal role in delivering several elements of the draft Programme for Government (PfG). A strategy is being developed to support the delivery of draft PfG outcomes across the NI Civil Service (NICS) and ensure that environmental outcomes are delivered in a sustainable way.

DAERA is developing and delivering a broad environmental policy and leads on:

- **Outcome 2** – We live and work sustainably – protecting the environment.

In addition, DAERA is responsible for both the policy and delivery aspects of rural development. It therefore has an important role in strengthening the social and economic infrastructure of rural areas and this is taken forward through a range of key programmes.

DAERA also plays an important role in supporting:

- **Outcome 1** – We prosper through a strong, competitive, regionally balanced economy.
- **Outcome 6** – We have more people working in better jobs.
- **Outcome 10** – We have created a place where people want to live and work, to visit and invest.
- **Outcome 11** – We connect people and opportunities through our infrastructure.

The sectors that fall under DAERA's areas of responsibility are very significant in relation to the NI economy and play a key role in underpinning the social and economic fabric of rural communities. These sectors were heavily supported by funding from the EU and are therefore exposed to the outworking of Brexit.

As the lead NICS Department on food supply and agri-food trade, DAERA has been heavily impacted by Brexit. To ensure due consideration is given to the key Brexit issues, DAERA has prioritised Brexit-related work and plans for a range of scenarios. This will help the sector in managing the risks and taking the opportunities that arise as a result of the UK's departure from the EU.

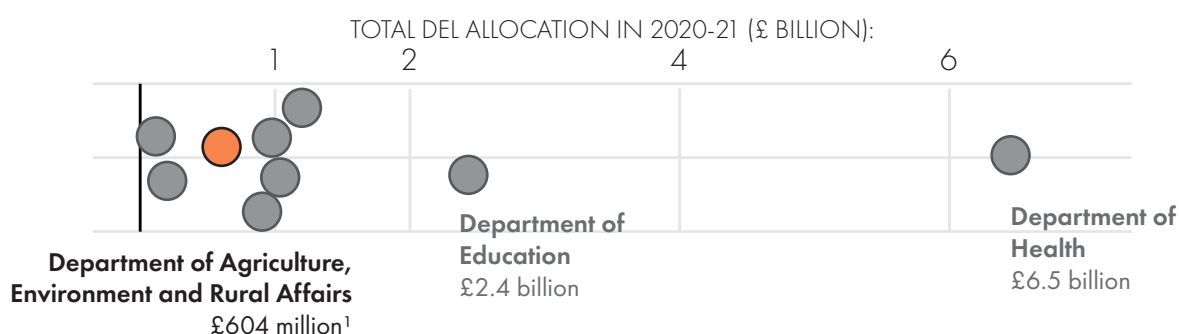
## Department of Agriculture, Environment and Rural Affairs funding

DAERA has been allocated over £600 million - 4 per cent of the overall Resource and Capital Departmental Expenditure Limit (DEL) budget for 2020-21. DAERA's total also includes some £278 million of Farm Support Direct Payments which are classified as Centrally Held Funding for budget purposes and are allocated to the Department. **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 DAERA

#### DAERA is one of the smaller departments in terms of funding



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



#### Most of the Department's funding is used on the Food and Farming spending area

SPENDING AREA	RESOURCE DEL	CAPITAL DEL	TOTAL
Food and Farming <sup>1</sup>	382	62	444
Environment, Marine and Fisheries	46	19	65
Veterinary Service Animal Health	54	6	60
Rural Affairs	17	9	26
Forestry	4	2	6
Foyle, Carlingford and Irish Lights Commission	2	1	3
<b>TOTAL</b>	<b>505</b>	<b>99</b>	<b>604</b>

#### NOTE

<sup>1</sup> The Food and Farming resource DEL allocation reported in the figures above includes £278 million of Farm Support Payments made by the Department using NI Executive centrally held funding.

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

## **Bodies for which DAERA has responsibility for sponsorship and oversight**

### **Executive Agencies**

- Northern Ireland Environment Agency; and
- Forest Service.

### **Non-Departmental Public Bodies and other entities**

- Agri-Food and Biosciences Institute (AFBI);
- Livestock and Meat Commission;
- Loughs Agency;
- Agricultural Wages Board;
- NI Fisheries and Harbours Authority;
- Council for Nature Conservation and the Countryside (CNCC);
- Educational Trust Fund; and
- Horse Racing Fund.

DAERA acts as the Paying Agency for European Agricultural Funds in Northern Ireland. The level of funding is much reduced. The basic payment scheme accounted for €320 million in 2019-20. This has been met out of national funding for 2020-21. There remains a relatively small level of expenditure of €25 million for European Agricultural Funding for Rural Development (EAFRD) which will continue to be funded by the EU for three years. DAERA will be the Paying Agency for this funding.

## 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 DAERA, its Executive Agencies and Non-Departmental Public Bodies (NDPBs). 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 three qualified audit opinions on DAERA. On these occasions, he also published a report attached to the accounts on the reasons why he decided to qualify his audit opinion. A summary of the qualification reasons is outlined below.

### 2020

The C&AG issued an unqualified audit opinion.

### 2019

The C&AG issued an unqualified audit opinion.

### 2018

The C&AG considered the accounting treatment for LFACA<sup>3</sup> debts to be inconsistent with our understanding of the issue. In 2017-18, DAERA accrued £2 million in respect of LFACA debts that the Department considers is due back to the EU Commission. DAERA has been unable to provide sufficient and appropriate audit evidence that an actual liability exists at the balance sheet date.

### 2017

The C&AG qualified his opinion on the grounds of regularity. The Department has accrued expenditure of £15.9 million as amounts due to the EU Commission in respect of disallowances. These disallowances represent a loss to public funds as a consequence of not complying with EU regulations in the proper administration of EU funding. This expenditure does not conform to EU regulations.

### 2016

The C&AG considered amounts due to be paid to the EU Commission in respect of disallowances to represent a loss of public funds as a result of not complying with EU regulations. Total disallowance incurred in 2015-16 and accrued in the financial statements was £17.4 million.

The C&AG was unable to find sufficient or appropriate evidence to support the treatment of £13.6 million of the EU disallowance as an accrual. This related to four new direct payment schemes under the reformed Common Agricultural Policy (CAP) and a proposed disallowance following an EU Commission cross-compliance audit.



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3 LFACA – Less Favoured Areas Compensatory Allowance.

## 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; provide a better quality of service; strengthen and enhance their 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 DAERA, the following Value for Money work is due for completion in 2021-22 and the findings presented to the Public Accounts Committee.

### Waste Crime

This will consider the work of the Northern Ireland Environment Agency in tackling waste crime:

- The scale of waste crime;
- The costs of waste crime to the local public sector;
- The actions of the NI Environment Agency in prevention, detection and enforcement; and
- The progress made following the implementation of recommendations from the Mills Report and the report by the Criminal Justice Inspectorate.

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 DAERA

An overview and main findings from a selection of NIAO reports on DAERA and its arm's length bodies since 2015 are outlined below. Copies of our reports can be found in the [Publications section](#) of our website.

### Eradicating Bovine Tuberculosis in Northern Ireland

This 2018 report examined the escalating costs of the programme, the continued prevalence of the disease and outlined the Department's proposals to adopt a new strategic approach to control, and ultimately eradicate, the disease. A Bovine Tuberculosis (TB) eradication programme was first introduced in Northern Ireland in 1964. Over 50 years later and after spending more than £0.5 billion, prevalence of the disease remains high (affecting 1 in 8 herds in 2017). Bovine TB is no longer a human health problem in Northern Ireland because of the current testing programme, pasteurisation of milk and meat inspection.

The main findings of the report include:

- The long running and costly Bovine TB eradication programme has not achieved Bovine TB-free status for Northern Ireland and, therefore, cannot be seen as value for money.
- Prevalence of the disease would have been significantly higher, and would have hindered the success of the agri-food sector, in the absence of any interventions by the Department.
- 2017 figures reported to the European Commission show that herd prevalence in Northern Ireland (at 12.4 per cent) was higher than the Republic of Ireland (4.9 per cent), very similar to Wales (12.5 per cent) and lower than the overall rate in England (20.4 per cent). Scotland is the only part of the United Kingdom to have Bovine TB-free status.



### Protecting Strangford Lough

This 2015 report examined the actions by the Department of the Environment (DoE) and the Department of Agriculture and Rural Development (DARD) to address the decline in Modiolus biogenic reefs within Strangford Lough. Strangford Lough was designated a Special Area of Conservation, giving it protection under European law. One of the primary reasons for this was the presence of rare horse mussel (Modiolus) reefs on the sea bed. Evidence that the reefs had been extensively damaged led to DARD banning fishing by trawling and dredging in 2003. Despite this, the decline continued and the Ulster Wildlife Trust (UWT) made a complaint to the European Commission. In 2005, DoE and DARD jointly published a Restoration Plan for the reefs. Following a second UWT complaint in 2011, the Departments agreed a Revised Restoration Plan in 2012.

The main findings of the report include:

- The Departments were slow to react to the deteriorating ecology of the Lough.
- Implementation of the original Restoration Plan was delayed significantly.
- An assessment of the impact of pot fishing on the Lough was long delayed.
- The introduction of non-disturbance zones was long delayed and cover was initially limited.
- Delivery of the Revised Restoration Plan will be monitored by an inter-departmental group of DoE and DARD officials. The European Commission will not tolerate failure to implement the plan.



In addition to these more recent reports, the following reports related to areas overseen by DAERA were published between 2011 and 2013:

**2013 The Agri-Food and Biosciences Institute (AFBI)**

**2011 Reducing Water Pollution from Agricultural Sources: The Farm Nutrient Management Scheme**

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.

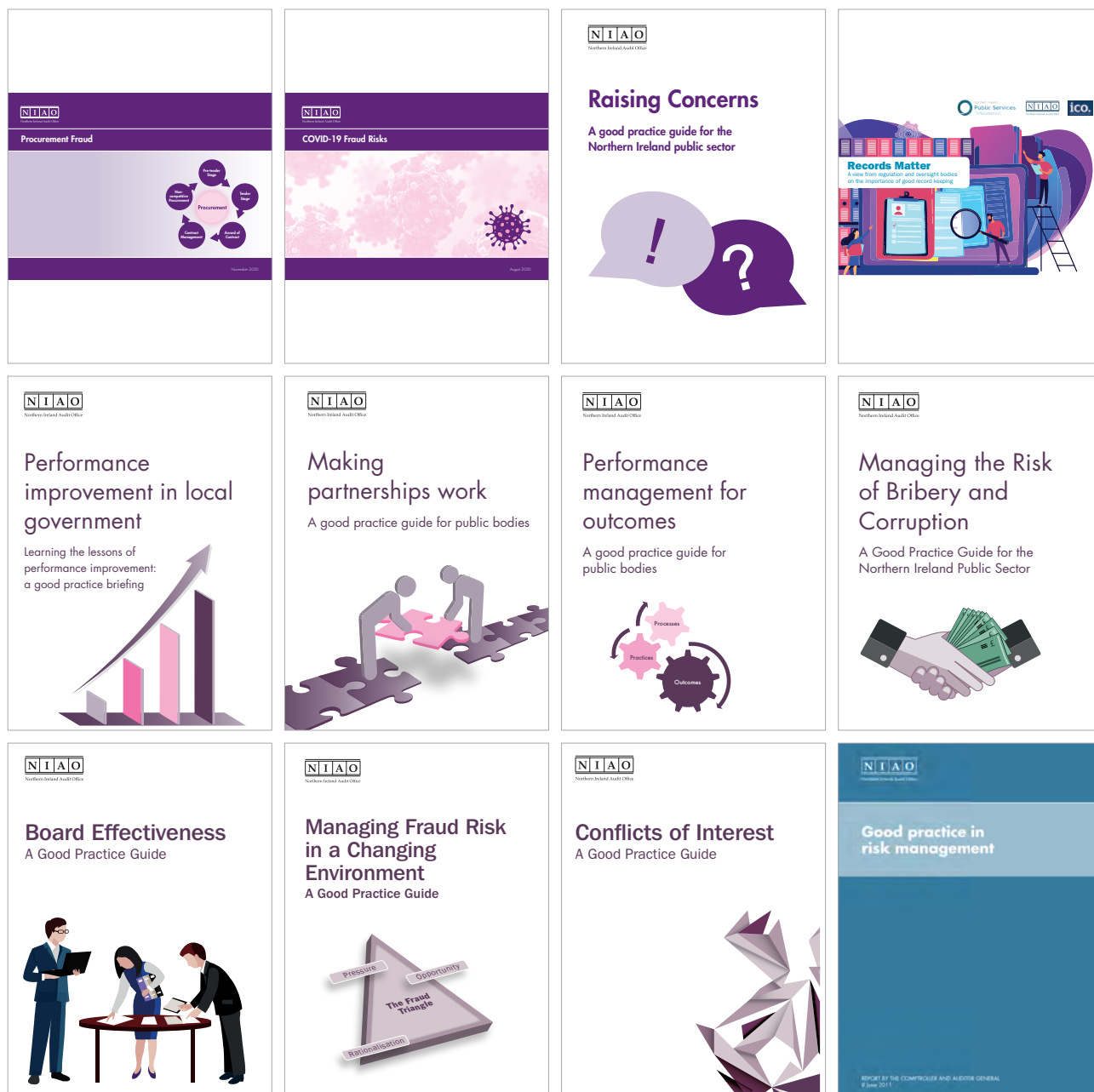
## Good Practice guides

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 website<sup>4</sup>.

Good practice guides planned for the future include:

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



<sup>4</sup> *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 them<sup>5</sup>. 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>)

