

## **Introduction**

1. The Education Authority (EA) is required to prepare an Annual Report and Accounts in accordance with the Education Act (Northern Ireland) 2014 and the Department of Education (DE) directions issued thereunder.

## **2019-20 Annual Report and Accounts**

2. The audit of the 2019-20 accounts was a prolonged process, with the accounts being certified in October 2021, some 19 months after the financial year-end.
3. In the 2019-20 Report to those Charged with Governance the Northern Ireland Audit Office (NIAO) acknowledged the challenges in preparing the Annual Report and Accounts against the background of disrupted working arrangements due to the COVID-19 pandemic.
4. However, we raised issues regarding the quality of the Annual Report and Accounts submitted for audit and the delays in receiving information requested. We also noted that during most of the audit period only one officer was available to deal audit queries, as well as their normal responsibilities, including production of the 2020-21 Annual Report and Accounts.
5. The NIAO recommended that the EA ensured that the finance team is adequately resourced and supported to ensure that audit queries can be cleared fully and in a timely manner. In response, the EA advised that “The Finance and ICT directorate continues with the process of restructuring and additional recurring resources for the corporate accounting function are planned. As an interim solution, additional resource is being provided to the corporate accounting team to ensure the audit can be properly supported pending the longer term structural changes.” The EA indicated that the interim solution would be in place for January 2022.

## **2020-21 Annual Report and Accounts**

6. As required, the EA submitted its draft 2020-21 Annual Report and Accounts to the NIAO on 28 May 2021. However, it was incomplete, with the EA advising that an updated set of draft accounts would be forwarded as soon as they received the required information. An updated and complete Annual Report and Accounts was not actually provided by the EA until 20 April 2022, almost 13 months after the financial year end and 11 months after the required submission date.
7. Although the EA had agreed to provide responses to NIAO information requests within five working days to prevent recurrence of the delays which occurred during the 2019-20 audit, this did not happen. In one instance, information requested on 2 November 2021 was not provided until 12 May 2022, over six months later.

## **2021-22 Annual Report and Accounts**

8. The EA submitted the draft 2021-22 Annual Report and Accounts to DE on 26 May 2022. Once again the accounts were incomplete, with EA advising that the information required for some

staff cost disclosures had not yet been finalised due to the roll out of a new payroll system. The NIAO also noted that, as in the previous year, the Remuneration Report was incomplete.

9. Audit work on the 2021-22 financial statements has commenced. However, the EA has not yet submitted a complete Annual Report and Accounts and there have been delays again in the provision of information required for the audit.

#### **Review of Financial Process**

10. In 2016, the Northern Ireland Executive agreed that a Review of Financial Process to align Budgets, Estimates and Accounts should be taken forward, requiring departments to consolidate the financial statements of certain Arm's Length Bodies within the departmental Accounts and Estimates boundaries.
11. In 2022-23, departments' Spring Supplementary Estimates and Annual Accounts will be prepared on a group basis. Whilst the timetable for the consolidated Annual Accounts will remain the same as the current departmental Annual Accounts timetable, which has a statutory certification date of 31 October, the expectation is that the consolidated Annual Accounts will be audited within the current summer recess timetable.
12. As the EA is a significant component of the DE group, it is essential the EA audit is completed on a timely basis to facilitate completion of the consolidated Annual Accounts in accordance with the required timetable.

#### **Conclusion**

13. I am disappointed at the length of time taken by the EA to prepare a complete 2020-21 Annual Report and Accounts and to respond to information requests, especially given the commitments made by the EA in response to issues raised during the 2019-20 audit.
14. In order to bring the 2021-22 audit back on track and prepare for the Review of Financial Process timetable, it is essential that the EA provides a complete 2021-22 Annual Report and Accounts as soon as possible, ensures that the finance team is adequately resourced to deal with all information requests and responds to all such requests on a timely basis.
15. I will continue to keep this area under review, reporting again as necessary.



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