

PUBLIC ACCOUNTS COMMITTEE

**Report on Excess Votes (Northern
Ireland) 2013 -2014**

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Mandate 2011/16

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PUBLIC ACCOUNTS COMMITTEE

MEMBERSHIP AND POWERS

The Public Accounts Committee is a Standing Committee established in accordance with Standing Orders under Section 60(3) of the Northern Ireland Act 1998. It is the statutory function of the Public Accounts Committee to consider the accounts, and reports on accounts laid before the Assembly.

The Public Accounts Committee is appointed **under Assembly Standing Order No. 56** of the Standing Orders for the Northern Ireland Assembly. It has the power to send for persons, papers and records and to report from time to time. Neither the Chairperson nor Deputy Chairperson of the Committee shall be a member of the same political party as the Minister of Finance and Personnel or of any junior minister appointed to the Department of Finance and Personnel.

The Committee has 11 members including a Chairperson and Deputy Chairperson and a quorum of 5.

The membership of the Committee since 23 May 2011 has been as follows:

Ms Michaela Boyle ³ (Chairperson)	
Mr John Dallat ⁵ (Deputy Chairperson)	
Mr Roy Beggs ¹⁴	Mr Trevor Clarke ⁸
Mr Alex Easton ¹²	Mr Phil Flanagan ¹³
Mr Paul Girvan	Mr Ross Hussey
Mr Daithí McKay ⁷	Mr Adrian McQuillan ¹
Mr Seán Rogers ⁶	

¹ With effect from 24 October 2011 Mr Adrian McQuillan replaced Mr Paul Frew

² With effect from 23 January 2012 Mr Conor Murphy replaced Ms Jennifer McCann

³ With effect from 02 July 2012 Ms Michaela Boyle replaced Mr Paul Maskey as Chairperson

⁴ With effect from 02 July 2012 Mr Conor Murphy is no longer a Member and his replacement on this committee has not yet been announced

⁵ With effect from 07 September 2012 Mr John Dallat replaced Mr Joe Byrne as Deputy Chairperson.

⁶ With effect from 10 September 2012 Mr Sean Rogers was appointed as a Member

⁷ With effect from 10 September 2012 Mr Daithi McKay was appointed as a Member

⁸ With effect from 01 October 2012 Mr Trevor Clarke replaced Mr Alex Easton

⁹ With effect from 11 February 2013 Mr Sammy Douglas replaced Mr Sydney Anderson

¹⁰ With effect from 15 April 2013 Mr Chris Hazzard replaced Mr Mitchel McLaughlin

¹¹ With effect from 07 May 2013 Mr David McIlveen replaced Mr Sammy Douglas

¹² With effect from 16 September 2013 Mr Alex Easton replaced Mr David McIlveen

¹³ With effect from 06 October 2014 Mr Phil Flanagan replaced Mr Chris Hazzard

¹⁴ With effect from 06 October 2014 Mr Roy Beggs replaced Mr Michael Copeland

Summary

This report by the Public Accounts Committee (PAC) on Excess Votes is part of the Northern Ireland Assembly's control framework over government spending. The Committee considers the reports by the Comptroller and Auditor General on resource accounts of departments that have exceeded the limits of expenditure authorised by the Northern Ireland Assembly (the Assembly).

The Committee recommends whether the Assembly should approve further resources to the departments concerned in order to regularise the excess expenditure. Where the excesses are the results of failures in control within departments, the Committee may make recommendations to departments concerning the causes of these excesses.

The system of resource-based Supply requires departments to estimate and manage the resources they will need during a financial year on an accruals basis, as well as the cash they will need as commitments mature. The Assembly authorises both cash spending and the use of resources.

In 2013-14 three departments incurred excess expenditure. The specific cases were:

- the Department of Health, Social Services and Public Safety incurred a resource excess of £1.17 million as it failed to include cover for all its' payment obligations within the Spring Supplementary Estimates;
- the Department of Education incurred a resource excess of £6.28 million as a result of its arm's length bodies exceeding the cash drawn down amounts authorised within the Spring Supplementary Estimates; and
- the Public Prosecution Service for Northern Ireland incurred a resource excess of £6.03 million as a result of a fair employment tribunal ruling in March 2014 in favour of a case taken by its' staff.

On the basis of our examination of the reasons why these bodies exceeded their voted provisions, the Committee recommends that the Assembly

provides the necessary amounts by means of an Excess Vote.

Conclusions and recommendations

1. Resource excesses in three departments in 2013-14 totalled £13.48 million. There were no cash excesses. There were no excesses in 2012-13.
2. **The Department of Health, Social Services and Public Safety breached its net resource limit in Request for Resources B (RfR B)¹ by £1.17 million.** This excess arose as the grant in aid estimate for the Northern Ireland Fire and Rescue Service included in the Department's Spring Supplementary Estimates did not include cover for all pension and provision payment obligations. The Department is taking action to ensure there is no recurrence of this issue. **The Committee recommends that the Assembly provides additional resources by means of an Excess Vote, as set out in Figure 1 on page 6.**
3. **The Department of Education breached its net resource limit within RfR A by £6.28 million.** This excess was incurred as a result of the departments' Education and Library Boards' drawdown of grant in aid being higher than the Department anticipated and consequently exceeding the cash drawn down amounts authorised within the Spring Supplementary Estimates. The Department has plans in place to mitigate any risk of repetition. **The Committee recommends that the Assembly provides additional resources by means of an Excess Vote, as set out in Figure 1 on page 6.**

¹ RfRs are the functional level into which departmental Estimates may be split. RfRs contain a number of functions being carried out by the department in pursuit of one or more of that department's objectives (Department of Finance and Personnel Supply Estimates in Northern Ireland: Guidance Manual, Autumn 2013.)

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- 4. The Public Prosecution Service for Northern Ireland breached its net resource limit within RfR A by £6.03 million.** This excess arose as a result of a fair employment tribunal ruling in March 2014 in favour of a case taken by Public Prosecution Service staff. As the ruling was made after in year monitoring had concluded, the Public Prosecution Service was unable to bid for funding cover. **The Committee recommends that the Assembly provides additional resources by means of an Excess Vote, as set out in Figure 1 on page 6.**

 - 5. The Committee is pleased to note that the Department of Finance and Personnel disseminated lessons learnt from this Committees' previous Excess Vote reports to Accounting Officers and Finance Directors and recommends that it continues to do so.**

Excess Votes in 2013-14

6. This report is part of the framework of Assembly control over government spending. Resource-based Supply requires departments to estimate and manage the resources they will need in a financial year on an accruals basis², as well as the cash they will need as commitments mature. The Assembly authorises spending on both a cash and accruals basis.

7. In 2013-14, the Assembly granted total net resources of £16.61 billion and total cash of £15.53 billion in Supply Estimates to 21 bodies including departments, pension schemes and other vote-funded bodies³. The difference in the provision of cash and resources is primarily due to including non-cash charges in resources for items such as depreciation of assets and changes in the value of assets or liabilities.

8. A breach of any of the budgetary control limits or the cash limit results in the need for expenditure to be regularised through the Assembly Excess Vote process. The Committee of Public Accounts scrutinises the reasons behind each Departments' excess of allocated resources, and reports to the Assembly on whether it has any objections to making good the reported excesses. Once the Committee has reported, a Statement of Excesses will be presented to the Assembly, to be voted into the Budget Act. The passing of this Act authorises the additional grant by the Assembly to regularise the excesses incurred by Departments.

9. In 2013-14 three departments incurred resource excesses totalling £13.48 million. Details of the excesses are summarised in Figure 1.

²The accruals basis of accounting requires revenues and costs to be recognised as they are earned or incurred, not as money is received or paid.

³Northern Ireland Spring Supplementary Estimates, February 2014.

Figure 1: Summary of 2013-14 Excess Votes required

Department	Resources	
	£	Amount to be voted £
Department of Health, Social Services and Public Safety (RfR B)		
Amount originally voted	87,051,000.00	
Amount expended	<u>88,220,099.34</u>	1,169,099.34
Department of Education (RfR A)		
Amount originally voted	2,023,532,000.00	
Amount expended	<u>2,029,807,347.34</u>	6,275,347.34
Public Prosecution Service for Northern Ireland (RfR A)		
Amount originally voted	36,351,000.00	
	<u>42,382,448.89</u>	6,031,448.89
Total		13,475,895.57

Department of Health, Social Services and Public Safety

10. The Committee has considered the Comptroller and Auditor General's report on the excess in the accounts of the Department of Health, Social Services and Public Safety for 2013-14.

11. The Department of Health, Social Services and Public Safety breached its net resource limit by £1.17 million as the grant in aid estimate for the

Northern Ireland Fire and Rescue Service included in the Department's Spring Supplementary Estimates did not include cover for all pension and provision payment obligations.

12. The Department advised the Comptroller and Auditor General that it is in the process of developing all necessary steps to ensure there is no recurrence of this issue. This includes additional and strengthened cash control procedures to monitor the level of cash drawdown each month against forecasted amounts. Any significant variances at arm's length body level will be investigated on a monthly basis and appropriate remedial action will be taken.

Department of Education

13. The Committee has considered the Comptroller and Auditor General's report on the excess in the accounts of the Department of Education for 2013-14.

14. The Department of Education breached its net resource limit by £6.28 million as a result of its arm's length bodies exceeding the cash drawn down amounts authorised within the Spring Supplementary Estimates.

15. The cash drawdown figure within the Estimates for each arm's length body has historically been directly linked to their corresponding budget. As the degree of flexibility on the budget has reduced significantly in 2013-14, so has the flexibility on the level of cash drawn down by each arm's length body.

16. The Department advised the Comptroller and Auditor General that it plans to rigorously review and enhance the basis for forecasting and monitoring the cash drawdown for each arm's length body to mitigate

the risk of any repetition. The proposed revised procedures will then be reviewed by Internal Audit to ensure they are fit for purpose and the area of cash management will be included in the Departmental 2014-15 Corporate Risk Register.

Public Prosecution Service for Northern Ireland

17. The Committee has considered the Comptroller and Auditor General's report on the excess in the accounts of the Public Prosecution Service for Northern Ireland for 2013-14.

18. The Public Prosecution Service for Northern Ireland breached its net resource limit by £6.03 million as a result of a fair employment tribunal ruling in March 2014 in favour of a case taken by its staff in respect of equal pay and indirect discrimination.

19. The effect of the ruling created a liability for the Public Prosecution Service for Northern Ireland for salary, employer's national insurance and pension costs for all affected staff.

20. The Committee understands that as the ruling was not made by the fair employment tribunal until March 2014, the Public Prosecution Service were unable to bid for funding cover during any of the in-year monitoring rounds.