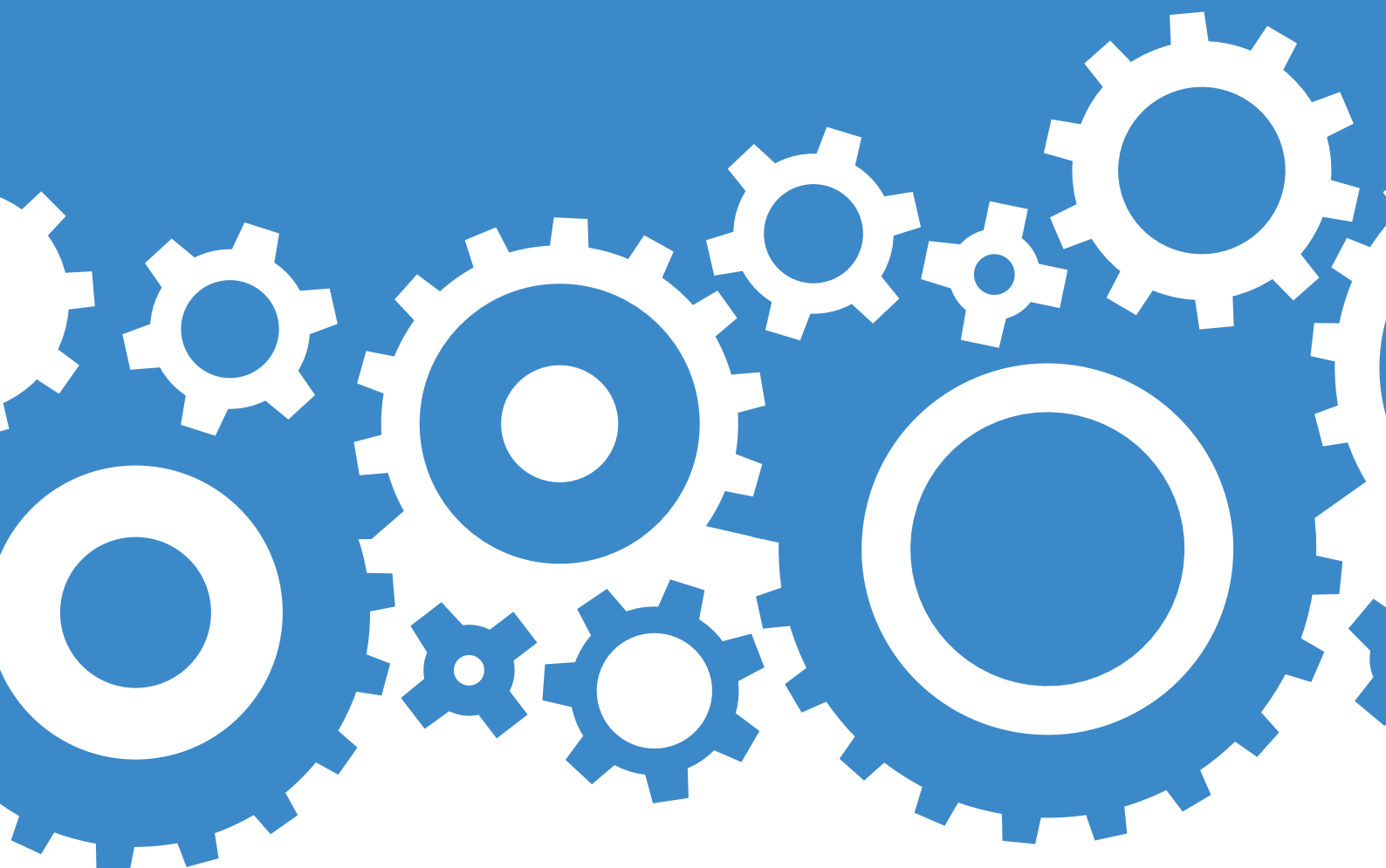




Northern Ireland Audit Office



# Annual Report and Accounts

2021-22



**Northern Ireland Audit Office Annual Report and Accounts**  
**For the year ended 31 March 2022**

*Laid before the Northern Ireland Assembly by the*

*Department of Finance under  
paragraph 4(2) of Schedule 2 to the  
Audit (Northern Ireland) Order 1987*

*on*

01 July 2022



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You can download this publication from our **[website](#)**.

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# NIAO staff return to the office...



Celebrating NIAO Trainee Accountants' exams success.



Hosting a Learning and Development afternoon with our trainees.



Welcoming some of our new starts to the NIAO.



Meeting of the NIAO Senior Management Team.



The NIAO Audit and Risk Assurance Committee meets.



NIAO staff working in our temporary accommodation at Bradford Court.

# Performance Report



128

## Accounts Audited

- 112** Central Government
- 16** Local Government



34

## Public Reports

- 5** Value for Money Reports
- 2** Response Studies
- 3** Impact Reports
- 3** Good Practice Guides
- 1** General Report
- 12** Local Government Reports
- 8** Financial audit based reports



97%

## Surveyed clients

Agreed or Strongly Agreed that the NIAO's work leads to improvement in public services



## Prompt Payment of suppliers

97.6% within 30 days  
88.3% within 10 days



78

## Stakeholder enquiries processed



£4.4

## Million

Savings to taxpayer identified by the National Fraud Initiative in Northern Ireland

## OVERVIEW

The purpose of this overview is to provide a short summary of the Northern Ireland Audit Office's structure, purpose and performance during the year. It also sets out the key risks to the achievement of our objectives, providing sufficient information for users to form a high level understanding of our organisation and its performance.



### Chairperson's Statement

It is my pleasure to introduce The Northern Ireland Audit Office's Annual Report and Accounts for the year ending 31 March 2022. The role of the Advisory Board is to provide objective and impartial advice to the Comptroller and Auditor General (C&AG) and to assist them in the discharge of their functions. This involves oversight of the operation of the Northern Ireland Audit Office (NIAO) and its administrative activities but does not extend to the independent reporting on the Northern Ireland Assembly's use of public money, which remains the C&AG's sole responsibility under legislation.

I noted this time last year that 2021 had been an unprecedented year, and 2022 has turned out to be similar. Despite the ongoing challenges of Covid-19, I am pleased to report that the NIAO was able to continue to deliver our statutory functions and meet

stakeholder expectations in a way you have come to expect and we as a Board have sought to support the C&AG in meeting the challenges and enhancing the impact of the NIAO in both safeguarding public money and improving public services. Throughout the pandemic, our focus has primarily been on the safety and wellbeing of our staff and auditees, particularly any who are vulnerable. However we have looked to transform the way we work in response to the challenges of the pandemic and this will continue to evolve as we emerge from restrictions including the use of hybrid working and being more agile in responding to client needs.

The focus of the Advisory Board remains on supporting the C&AG and delivery of our Strategic Plan alongside our Business Transformation Programme workstreams. Our staff have continued to work remotely from home for most of the financial year and on behalf of the Board, I want to congratulate them on the flexibility, adaptability and commitment to the work of the office. It is only due to their efforts and diligence that the NIAO has been able to continue to deliver its services to audited bodies, the NI Assembly and the general public. The NIAO will continue to deliver on our core purpose as set out in our Strategic Plan and the Advisory Board is committed to supporting the pursuit of best practice and maintenance of the highest professional standards.

At the end of 2022 one of our Non-executive Directors retired at the end of his term of office. I would like to thank Noel Hyndman for his commitment, support and wise counsel and to place on record his invaluable contribution to the Board during the three years he served. I believe that the Board is made up of directors who bring diversity, experience



and independence of mind necessary to ensure the C&AG receives sound advice and support in his role. It is also recognised that the NI Assembly have issued a report on their review of corporate governance of the office which we welcome and look forward to its recommendations being implemented and providing support to that process. We greatly look forward to working with new non-executive Terry McGonigal, who was appointed earlier this month; I also anticipate a new member being allocated to us under the NI Boardroom Apprentice scheme and look forward to that candidate joining the Board team.

Kieran Donnelly will be retiring from his role as C&AG on 31 July 2022 and will be succeeded by Dorinnia Carville. Kieran has served Northern Ireland as C&AG for over 10 years and has led the office in meeting the needs of NI public sector bodies. We owe a huge debt of gratitude to Kieran for his dedication and willingness to embrace change and I believe he leaves the organisation in a place we can all be proud of. I would like to wish him a long and healthy retirement. Further I look forward to working with Dorinnia in her new role as she leads the NIAO's continued development in delivering value for money and assurance on public expenditure in Northern Ireland with the objective of improving public services for us all.



**Martin Pitt**  
**Chairperson**

**24 June 2022**



## Comptroller and Auditor General's Statement

I welcome the opportunity to present the Northern Ireland Audit Office (NIAO) Annual Report and Accounts for 2021-22 to the NI Assembly. For the second year COVID-19 and its outworkings dominated our agenda, as we collaborated with our stakeholders through the pandemic. In listening to their concerns, we adapted our programme of work and progressed our audits within a very challenging timescale.

As a direct result of COVID-19 expenditure our workload increased significantly and led to the qualification of a number of audit opinions. It also resulted in the publication of a number of additional reports not initially in the programme, including the "Supply and Procurement of Personal Protective Equipment to local healthcare providers", the "Sports Sustainability Fund", and the "Design and Administration of the NI Small Business Support Grant Scheme".

During the year, my Office produced a progress report on the implementation of lessons learned from the inquiry into the Renewable Heat Incentive (RHI) Scheme. While the report acknowledges that significant progress has been made in relation to the themes of 'Ministers and Special Advisors', 'Professional skills' and 'Governance and financial controls', much work still remains to be done to fully implement the Inquiry's recommendations.

Throughout the period, we have continued to work closely with the NI Assembly, particularly the Public Accounts Committee (PAC). In the last 12 months we supported it in the completion of 14 inquiries which have produced major reports on matters including, Special Educational Needs, Planning in NI, and Capacity and Capability Building in the NICS. These reports have produced a wide range of recommendations which, when implemented, should enhance the effectiveness and efficiency of public services going forward.

I welcome the report produced by the Northern Ireland Assembly Audit Committee (NIAAC) on "Governance and Accountability Arrangements for the NIAO [and NIPSO]". This report has produced a range of recommendations which will have a significant impact on my Office as we continue to transform and develop as a modern and professional provider of public service audit. Some of these will require new legislation, and may take some time to introduce.

We are now well into Phase 2 of the Business Transformation Programme (BTP) which will ensure the continued development and delivery of a high quality, efficient and effective service. Phase 2 maintains the five pillars of transformation of People, Digitalisation, Governance and Audit Practice, Communication and Engagement

and the Working Environment. Twelve work streams have been initiated to support the five pillars with 64 separate individual activities currently identified as being required. This programme continues to evolve to meet the needs of the Office, as we work with our stakeholders to maintain and develop an Office which is at the leading edge of public sector audit.

Within Phase 2 one of the key projects is the refurbishment of our Office. This continues to progress to both timescale and budget and plans remain to return from our decanted premises by the end of Summer 2022.

At this stage, I want to take this opportunity to thank the Board, led by Chairperson Martin Pitt, for their support. Throughout their tenure, they have continued to give me impartial and objective advice and provided a challenge to me in the discharge of my functions. Each of them have brought their complimentary skillsets to bear as they have provided me with strategic support, and independence of thought. This has assisted me in the planning and delivery of my business transformation programme and the management of staff and resources.

At this stage, as my own tenure comes to an end after 13 years as C&AG, I want to place on record my admiration for my staff, without whom I could not have fulfilled my function. Their advice, wisdom and insight have been invaluable and I am tremendously grateful to have worked alongside such an exemplar group of people with a sense of camaraderie and a shared purpose. They have consistently delivered not just for me, as the head of the Office, but to the wider public sector and ultimately to the taxpayer.

I am reminded of the corporate plan of 2013-16, which set out in our purpose "...our commitment to integrity, quality, openness and innovation to make a difference to the people of Northern Ireland". This, for me, sums up what myself and each and every one of my team have aspired to throughout my tenure; and for that I am very proud.

That Purpose is as true and important now as it was when I commenced my career in public audit 40 years ago. It has been a privilege to have played a role in this vital work, and I have no doubt that this Office will continue to flourish and deliver for the citizens of Northern Ireland.



**Kieran Donnelly CB**  
**Comptroller and Auditor General for**  
**Northern Ireland**

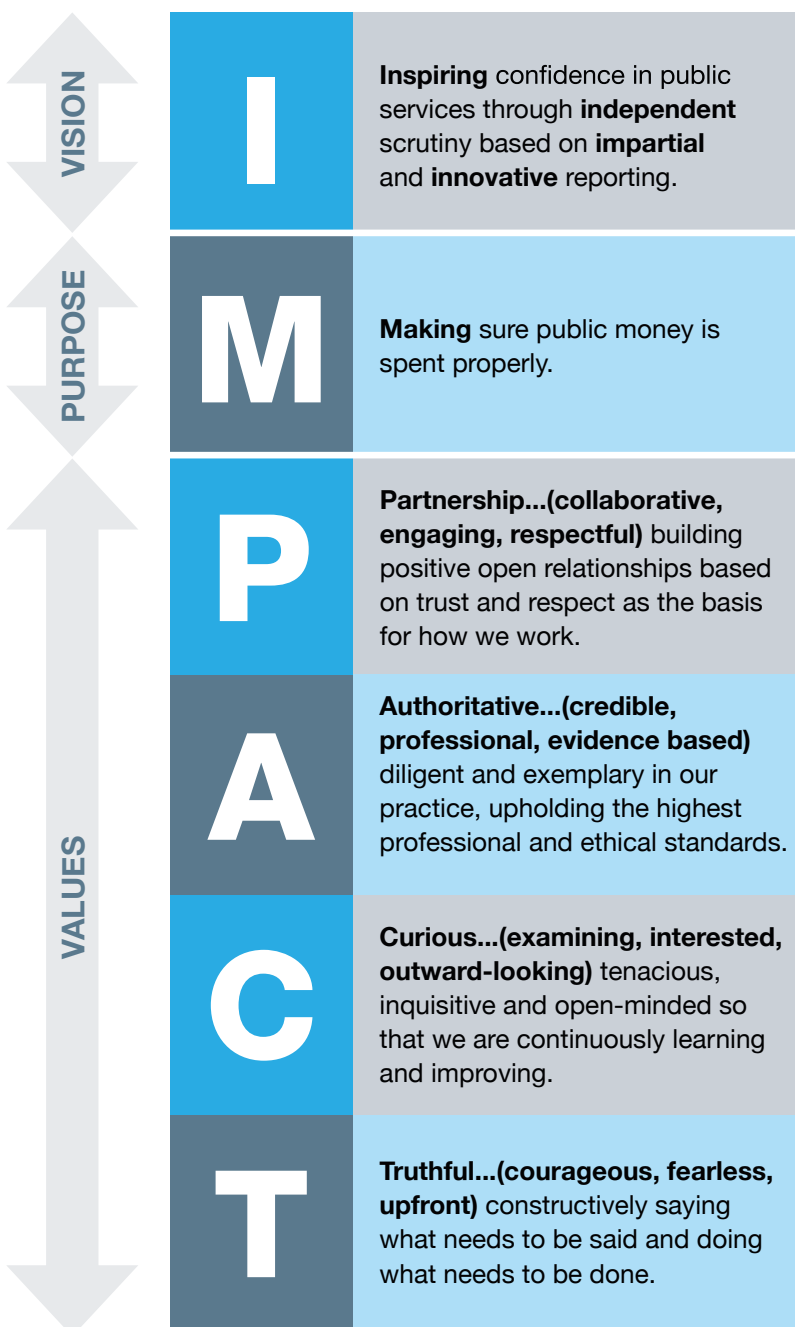
**24 June 2022**

## Purpose and activities of the NIAO

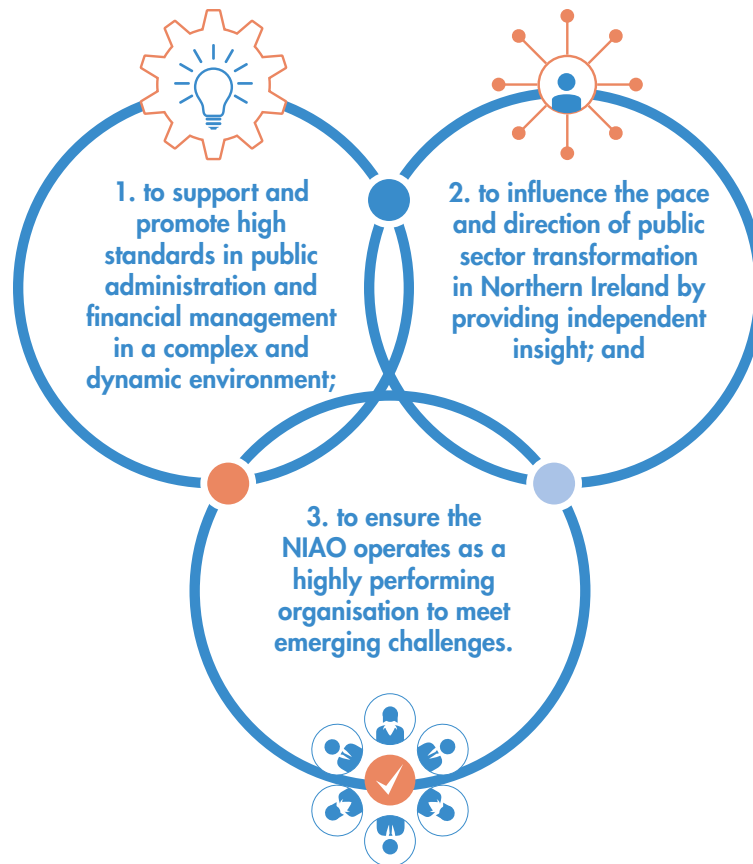
### Our role

The Northern Ireland Audit Office (“the NIAO” or “the Office”), established in 1987, has a pivotal role in helping to build a modern, high performing public service that is accountable to taxpayers and citizens. We do this by providing objective information, advice and assurance on how public funds have been used and accounted for, and encouraging best standards in financial management, good governance and propriety in the conduct of public business.

### Our vision, purpose and values



## Our Strategic Priorities



Further information is set out on page 39.

## Our independence

The head of the NIAO, the Comptroller and Auditor General ("the C&AG"), is an Officer of the Northern Ireland Assembly ("the Assembly") and a Crown appointment made on the nomination of the Assembly. Under the Audit (Northern Ireland) Order 1987, the holder of the office is a corporation sole, and responsible for the appointment of NIAO staff who assist the C&AG in the delivery of his/her statutory functions. The C&AG and the NIAO are totally independent of government.

## Our accountability

The NIAO and the Northern Ireland Assembly Audit Committee (NIAAC), which oversees NIAO performance, have agreed a Memorandum of Understanding on the governance and accountability of the Office. The Memorandum which is available on the [Northern Ireland Assembly website](#), sets out:

- the values and standards of the NIAO in carrying out its work;
- the internal governance arrangements of the NIAO and, in doing so, provides confidence to the Assembly and wider public regarding the arrangements for the governance and accountability of the NIAO; and
- the commitments of the C&AG and the NIAO to NIAAC on the actions they will take to uphold transparency and manage public money effectively.

These arrangements are currently being revisited following the report produced by NIAAC on “Review of the Governance and Accountability Arrangements for the NIAO [and the Northern Ireland Public Services Ombudsman]”, published on 14 February 2022.

## Our work



### Financial Audit

Carrying out annual financial audits of government departments and arm’s length bodies is 72 per cent of the NIAO’s core business.

- **Central Government** – The C&AG has a statutory responsibility to audit the financial statements of all Northern Ireland departments, executive agencies and other central government bodies, including non-departmental public bodies, health and social care bodies and some public sector companies, and to report the results to the Assembly. Conducting the financial audits involves direct interaction with, and insight into, every public organisation in Northern Ireland. Through these audits, the NIAO gathers intelligence on how the public sector is operating, its main challenges and any emerging issues. This informs the NIAO’s public reporting work programme.
- **Local Government** – The Department for Communities may, with the consent of the C&AG, designate a member of staff of the NIAO as the Local Government Auditor (LGA). The LGA, assisted by NIAO staff, is responsible for the audit of all local government bodies.



### Public Reporting

The NIAO’s Public Reporting Programme is planned over a two-year rolling time frame and focuses on the most important issues facing the public sector in Northern Ireland. The range of work has widened from traditional value for money studies to shorter, fact-based reports and impact reports which assess the progress made on key issues from earlier reports. The programme includes significant work in the local government arena and addresses important cross-cutting issues that lie beyond the boundaries of any single government department.



### Support to the Northern Ireland Assembly

The C&AG provides the Northern Ireland Assembly with independent support to enable it to hold public bodies to account for their financial management and the value for money they provide to the taxpayer for the public funds they spend. The main engagement is through the support the NIAO provides to the Public Accounts Committee (PAC). Based on the evidence presented by the NIAO, the PAC publishes its own report and recommendations to the Assembly. The Finance Minister is then required to respond formally to these recommendations, specifying the action the audited body intends to take. The NIAO monitors the action taken and may revisit an issue where insufficient progress has been made.



### Tackling Fraud

The NIAO promotes good practice in governance arrangements and helps to combat fraud. NIAO staff attend the audit committees of all the audited bodies, providing support, advice and guidance to both non-executives and senior staff. The NIAO provides training through programmes developed by the Chief Executives' Forum. The NIAO maintains a small counter fraud unit which provides support, advice and guidance on fraud related matters to public sector organisations. The key functions of this unit include local co-ordination of the biennial National Fraud Initiative (a UK-wide data matching exercise) and processing concerns raised by, among others, public sector employees, contractors and the wider public.

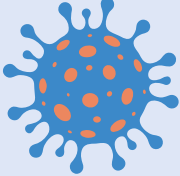
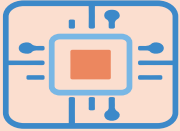





### Comptroller Function

The C&AG is responsible for authorising the issue of money from the Northern Ireland Consolidated Fund to enable Northern Ireland departments to meet their necessary expenditure, and for ensuring that there are adequate arrangements for the collection of revenue. This provides independent assurance to the Assembly that spending by government departments is lawful and within the scope, amount, and period of the appropriation or other authority, and it supports the important constitutional principle that the Executive cannot spend, borrow, or impose a tax without the Assembly's approval.

## Key issues and risks

A number of challenges and developments in our operating environment are summarised as follows:

<p><b>Coronavirus</b></p> 	<p>COVID-19 has continued to have a significant impact on Office operations. Up to July 2021, it remained open for at least two days per week, and has since increased to five day opening. Attendance has been on a voluntary basis, in keeping with government advice and guidance, with most staff continuing to work from home. As the pandemic receded over Summer 2021, the Coronavirus Working Group was mothballed. However, arising from the latter discussions of the Group was the identification of a need to establish a new framework to develop future audit working arrangements. This led to the formation of the Future Working Arrangements Group which was tasked with developing a set of high level principles and suggestions for future hybrid working arrangements in NIAO. These principles were agreed by SMT in November 2021.</p>
<p><b>Digitalisation</b></p> 	<p>In 2020-21, having decided to continue to develop our skills and capabilities to audit digital systems, we progressed our Small Business Research Initiative (SBRI) project. Having received funding to proceed with Phase 2 of the financial audit analytics proposal, we appointed two suppliers to progress to Phase 2. This enabled us to fully develop a product which would allow audit teams to import, analyse and interrogate datasets from multiple financial reporting systems. The end of phase meeting was held in March 2022, following which it was agreed that the project should terminate without proceeding to procurement; instead developments will continue to progress through our in-house data analytics team.</p>
<p><b>Budgetary Constraints</b></p> 	<p>For 2022-23, we sought a 3.7% increase in our three-year budget submission which was approved by the NI Assembly Audit Committee. However this, and the wider public sector three-year budget has not been endorsed by the Assembly as the Executive has not met since 3 February 2022. The approval of our budget will enable us to increase our focus on staff, aligning skills, cost and efficiency, as well as on quality and governance as part of the Business Transformation Programme.</p>
<p><b>Resourcing</b></p> 	<p>Full Time Equivalent (FTE) staff numbers have increased by 4, from a total of 111 in 2020-21 to 115 in 2021-22, albeit this has fallen from a peak of 140 in 2011-12. There have been 14 new starts, with the focus being on recruitment for auditors (5), graduate trainees (6), and apprentices (3); in the same period there have been 11 leavers which equates to 9 per cent turnover against average headcount.</p>
<p><b>Brexit</b></p> 	<p>We continue to plan for the outworkings of the UK withdrawal from the EU post 31 December 2020 as the negotiations on future relations between the parties remain ongoing. Uncertainty remains around the outworking of the process, what its impact will be on government reform and the knock-on effect it will have on the work of our Office. However, we have agreed with the UK Coordinating Body to continue working on the European Agricultural Fund audit over the next two years, focusing on Rural Development expenditure.</p>



## Governance Structure



The Northern Ireland Assembly Audit Committee (NIAAC) completed a review of the governance and accountability arrangements for the NIAO [and the NI Public Services Ombudsman] prior to the end of mandate. The key recommendations of this report included: the formal separation of the NIAO from the C&AG and its establishment as a body corporate in the form of a statutory board; the appointment of board members by NIAAC; the setting of the tenure of the new C&AG as a ten-year non-renewable term; the appointment of a single public sector auditor; and the establishment of a code of practice between the board and the C&AG. However, it is anticipated that it will take some time to introduce the legislation required for many of the proposed changes. In the meantime, the current arrangements of an Advisory Board providing objective and impartial advice to the C&AG, and assisting him in the discharge of his functions will be maintained. To provide support in these functions, the Board will retain both an Audit and Risk Assurance Committee and a Remuneration Committee to advise on relevant issues.

## Comptroller & Auditor General



In July 2021, Mr Kieran Donnelly CB, gave notice of his intention to retire from the position of Comptroller and Auditor General, following 13 years in post. Following an open recruitment process, on 18 March 2022, the Northern Ireland Assembly Commission identified Dorinnia Carville for nomination as the new Comptroller and Auditor General for Northern Ireland. Ms Carville will take her position on 1 August 2022.

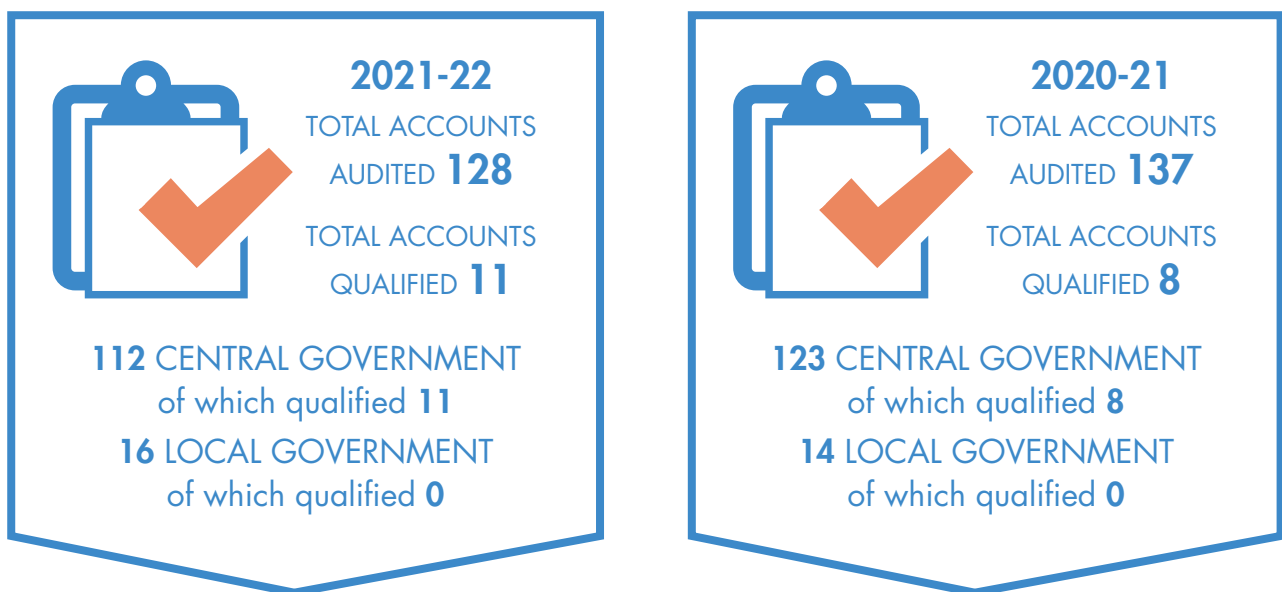
## PERFORMANCE ANALYSIS

### Our performance

The NIAO Corporate Plan 2021-24 available on our website sets out the Office's role, strategic priorities and impact indicators. It also examines the funding required to achieve these.

### Financial audit

Financial audit work undertaken by the Office comprises the audit of central and local government accounts:



### Central Government

The C&AG has a statutory responsibility to audit the financial statements of all Northern Ireland departments, executive agencies and other central government bodies, including non-departmental public bodies, health and social care bodies and some public sector companies, and to report the results to the Assembly.

The purpose of our financial audit is to provide independent assurance that the accounts of an audited body give a true and fair view of its financial position, have been prepared in accordance with the relevant accounting requirements and that the transactions underlying the financial statements are in line with the intentions of the Assembly and other authorities.

In 2021-22, we certified 128 central and local government accounts (2020-21: 137).

Following delays in the submission of the 2019-20 accounts as a direct result of the pandemic, central government accounts were largely back to normal timetables, with an expectation that accounts would be submitted and audited by Summer Recess. Where Summer Recess was not achievable, local arrangements were made with clients and audit teams. However, there have been delays in the submission of Whole of Government Accounts (WGA) audits. Due to issues with HMT's WGA system, the 2019-20 WGA submission has only recently concluded. As a result, no 2020-21 WGA audits were undertaken during 2021-22.

For the audit of central government bodies, there is an explicit requirement for the auditor to provide an additional audit opinion on whether, in all material respects, expenditure and income have been applied for the purposes intended by the Assembly and conform to the authorities which govern them; a regularity opinion.

If at the end of an audit we consider that the accounts do not present a true and fair view, or that expenditure and income have not been incurred in line with Assembly intentions, nor conform to the authorities which govern them, then the C&AG will qualify his opinions on the accounts. Eleven central government accounts were qualified in 2021-22 (2020-21: 8), with some accounts receiving more than one qualification, and a further one opinion was modified (but not qualified). In these cases, and in other cases where there are significant issues arising, we make a report to the Assembly which may be considered by the PAC.

We inform the organisations we audit of the issues we find during our work, giving our independent view on areas where the audited body could improve its governance, controls and financial management. We liaise with management to obtain their response to the issues identified in our reports to those charged with governance.

During 2021-22, we continued to work with the Office of the Comptroller and Auditor General in Dublin on the shared audit and certification of North-South bodies. We also continued to have close working arrangements with the National Audit Office for the accounts we audit on its behalf. This is a significant workload and includes audits of the European Agricultural Funds, National Lottery Funding and Whole of Government Accounts.

## Local Government

A senior member of NIAO staff is designated by the Department for Communities, with the consent of the C&AG, as the Local Government Auditor (LGA). Colette Kane, an NI Audit Office Director, undertakes this function. The LGA, assisted by NIAO staff, is responsible for the audit of local government bodies. Following delays in the submission and audit of the 2020-21 accounts due to the pandemic, the deadline for submission of Local Government returned to 30 June 2020-21, for certification by 30 September 2020-21. In 2021-22 we completed the audits of 16 local government accounts (2020-21: 14). One opinion was modified, but none of the opinions on the local government accounts certified in 2021-22 were qualified (2020-21: nil).

## Public Reporting

The Office produces a wide range of public reports each year, reflecting its broad audit remit.



The reports completed in 2021-22 are shown below. Copies of the full reports can be obtained from [our website](#).

### Value for Money Reports

Value for money reports are based upon our investigations on central government bodies, which examine and report on whether economy, efficiency and effectiveness ('the three Es') have been achieved in the use of public funds providing public services and programmes. During 2021-22 we published the following:

- Closing the Gap - Social Deprivation and links to Educational Attainment
- Broadband Investment in Northern Ireland
- Contract Award and Management of Project Stratum
- Planning in Northern Ireland (this report cross-cuts central and local government)
- Supply and Procurement of Personal Protective Equipment to local healthcare providers

## Emerging Issues Reports

Emerging Issues reports are short, reactive reports on topical issues that establish facts to produce a timely, responsive and focused report to assist public accountability. In 2021-22, we published the following:

- Sports Sustainability Fund
- Design and Administration of the Northern Ireland Small Business Support Grant Scheme

## Impact Reports

Impact reports are produced where previously published reports may be followed up to assess progress in implementing recommendations. In 2021-22, we produced the following:

- Overview of the Northern Ireland Executive's Response to the COVID-19 Pandemic - Second Report
- The Northern Ireland Budget Process
- Northern Ireland Non-Domestic Renewable Heat Incentive Scheme: Assessing progress with the implementation of the Public Inquiry recommendations

## Good Practice Guides

We continue to produce good practice guides highlighting and encouraging public bodies to improve their performance in achieving value for money and implementing policy, and suggesting ways in which public services could be improved. During 2021-22, we produced three such reports:

- A Strategic Approach to the Use of Public Sector Assets
- Internal Fraud Risks
- Grant Fraud Risks

## General Reports

- Continuous improvement arrangements in policing

## Financial Audit Based Reports

- Report by the Comptroller and Auditor General on Land & Property Services Annual Report and Accounts 2019-20
- Report by the Comptroller and Auditor General on the Department for Communities Annual Report and Accounts 2020-21
- Report by the Comptroller and Auditor General on the Department for Infrastructure Annual Report and Accounts 2020-21
- Report by the Comptroller and Auditor General on the Department of Health Annual Report and Accounts 2020-21
- Report by the Comptroller and Auditor General on the Department of Finance Annual Report and Accounts 2020-21

- Report by the Comptroller and Auditor General on Land & Property Services Annual Report and Accounts 2020-21
- Report by the Comptroller and Auditor General on the Department for the Economy Annual Report and Accounts 2020-21
- Report by the Comptroller and Auditor General on the Invest Northern Ireland Annual Report and Accounts 2020-21

### Local Government Reports

Under the Local Government Act (Northern Ireland) 2014, the Local Government Auditor has a statutory duty to publish a Local Government Annual Improvement Report on each of the 11 councils. The purpose of these reports is to identify if councils have discharged their duties in relation to improvement planning and if they are likely to comply with the requirement to make arrangements to secure continuous improvement in the exercise of their respective duties. The Local Government Auditor also published an annual report on the exercise of her functions in December 2021 which commented on a range of topics arising from her audit work. A further report produced in conjunction with the C&AG, was also published on "The Planning System in Northern Ireland".

### Governance and fraud prevention and detection

The Office continues to support public sector bodies as they maintain their fight against fraud. Ongoing budgetary pressures and the unprecedented impact of the COVID-19 pandemic has increased the risk of fraud. Public bodies must continue to use all means at their disposal to prevent and detect misuse of public funds. Only in this way can frontline resources be maximised.

The Office maintains a small counter fraud unit which provides support, advice and guidance on fraud related matters to public sector organisations. During 2021-22, the unit produced two fraud risk guides, on grant fraud and internal fraud. These helped to raise awareness across the NI public sector of these particular fraud risks which were exacerbated by the pandemic. The guides are available on the [publications page on our website](#).

A key focus continues to be the prevention and detection of fraud and error through data matching. Data matching involves comparing pieces of data or information held by one organisation against other records held by the same or another organisation, in order to highlight potentially fraudulent claims and payments.

Since 2008 we have participated in the National Fraud Initiative (NFI), a UK wide data matching initiative to combat fraud and error, which runs every two years. The seventh exercise in Northern Ireland is reaching a conclusion and included a new area of data matching relating to business support grants paid out in response to the COVID-19 pandemic. To date in Northern Ireland, the seven NFI exercises have identified over £44 million of fraud and error (£4.4 million in 2021-22). The C&AG's reports on the NFI exercises are available via the [NFI page on our website](#). We encourage public sector bodies to make the NFI a key part of their counter fraud strategies.

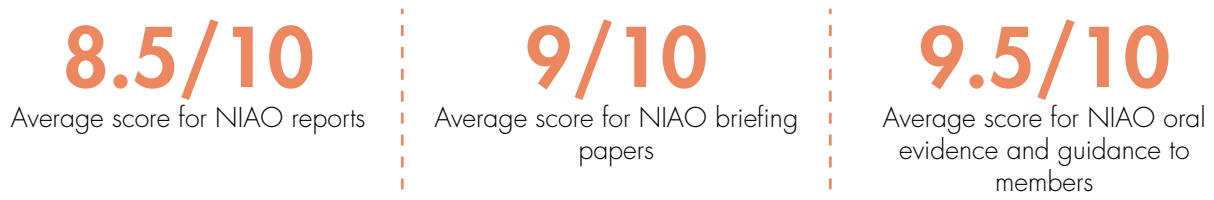
## Support to the Northern Ireland Assembly

We provide the Northern Ireland Assembly with independent support to enable it to hold the Executive to account for its financial management and the value for money it provides to the taxpayer for the public funds it spends. Our main engagement is through the support we provide to the Public Accounts Committee (PAC). We present our reports to the Assembly and many of these form the basis of the PAC's inquiries, at which it takes evidence from the senior departmental officials involved. Reports not taken by PAC are released to the Assembly's Statutory Committees and can sometimes form the basis for their own inquiries.

Following consideration of the evidence at its inquiries, the PAC publishes its own reports which include recommendations to departments and other public bodies. Relevant departmental Ministers, supported by Executive colleagues, are then required to respond to these recommendations, specifying the action the audited body intends to take. We monitor the action taken and may revisit an issue where we consider that insufficient progress has been made.

The easing of COVID-19 restrictions during the year enabled the PAC to conduct a full programme of work, in what was the final year of the mandate. We supported the PAC at each of its 37 meetings and this resulted in 12 of our reports forming the basis of its own inquiries. By the end of the financial year, 14 inquiries (including two carried forward from the prior year) were completed. In total these inquiries generated 127 wide reaching recommendations which, when implemented, will enhance the effectiveness and efficiency of our public services.

In February 2022, the NIAO issued a survey to PAC members asking them to score the Office's outputs and support to members. Some of the results of this survey are as follows:



In addition to supporting the PAC's programme of inquiries, we conducted a range of audit work in notifying the PAC of 30 Ministerial Directions (25 in 2020-21) obtained by a range of government departments. In keeping with 2020-21, most of the Ministerial Directions arose from COVID-19 related spending proposals. This was a significant increase from the pre-pandemic period when Ministerial Directions averaged approximately two-three per year.

### Stakeholder Engagement

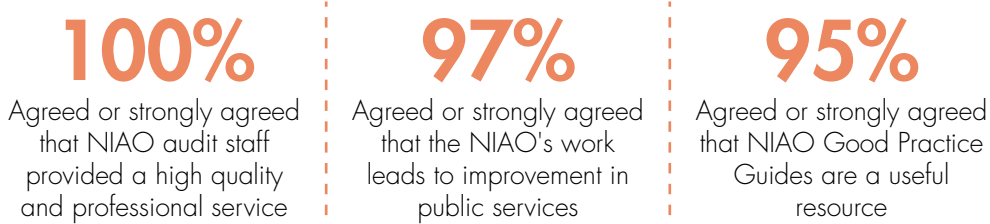
We continue to receive enquiries from a wide range of people about the bodies we audit. Where appropriate, we may carry out further audit work in response.



The NIAO remains committed to communicating and engaging with our stakeholders, both to promote our work and to foster trust and confidence in those interested and involved in it.

We continue to be active on social media, utilising our Twitter, LinkedIn and YouTube platforms to build awareness and understanding of what we do, the opportunities we offer and the accomplishments of our staff. Audiences continued to grow in 2021-22, with followers on Twitter increasing by 11.5 per cent (with our total followers hitting 1,209 in March 2022) and LinkedIn followers increasing by 29.5 per cent. Views of our video briefings and animated report summaries have totalled 1,955 views, and our videos of staff and office promotion totalled 862 over the last 12 months. Our website was visited over 45,000 times by 29,000 users with our publications and media releases being downloaded around 23,000 times.

Our communication with stakeholders also continues to be two-way, drawing on their input and feedback in order to reflect on our performance, address issues of concern, and recognise our successes. As well as maintaining sustained dialogue and interaction, in May 2022 we issued our latest survey to all audited bodies across central departments, local government and NDPBs. Of 109 questionnaires issued, 58 responses were received. This survey collected feedback on audited bodies' experiences of working with the Office during the previous twelve months. Of the responses received:





In spite of the continued challenges of COVID-19 and home working, the NIAO has had the opportunity to engage with key stakeholder groups at notable events over the last 12 months. These have included the 2022 NI Public Sector Chairs' Forum's Leadership and Governance Conference, where the C&AG took part in a panel discussion on the theme of leadership, as well as leading a workshop with delegates on the theme of board effectiveness. The C&AG also spoke at the European Institute for Advance Studies in Management's Public Sector Conference, delivering a keynote address on the importance of public audit. The C&AG, together with the LGA, also represented the NIAO at this year's NI Planning Conference, engaging with stakeholders from this sector on the NIAO's recent planning report. Other engagement opportunities during 2021-22 included attendance at Chartered Accountants Ireland's Public Sector Conference, delivering a presentation on grant and procurement fraud, and a continued series of lectures to the QUB Management School by NIAO Director Patrick Barr.

### Raising Concerns

The Comptroller and Auditor General and the Local Government Auditor are prescribed persons under public interest disclosure legislation. Part of the Office's counter fraud role is considering public interest concerns raised by, among others, public sector employees, contractors and the wider public.

In 2021-22, 45 disclosures about the use of public money were received (2020-21: 47 cases). Disclosures are encouraged, dealt with professionally and treated in confidence, as appropriate.

Nature of concern	2021-22	2020-21
Expenses fraud	3	0
Grant-related fraud	3	1
Non-entitlement to/misuse of public funds	8	10
Procurement / Contracts	7	5
Conflict of interest	1	2
Failure to follow proper procedures	5	10
Planning issues	3	4
Governance issues	5	5
Other	10	10
<b>Total Cases</b>	<b>45</b>	<b>47</b>

Of the 45 disclosures, 14 related to our local government remit.

### MLA queries

We also pursue concerns raised with us by Members of the Legislative Assembly. In 2021-22, six separate concerns were raised, all of which we have followed up (2020-21: 8 cases). Some remain under investigation.

Nature of concern	2021-22	2020-21
Non-entitlement to/misuse of public funds	2	4
Failure to follow proper procedures	0	1
Procurement / contracts	1	0
Planning issues	0	1
Governance	1	0
Other	1	1
Conflict of interest	0	1
Grant related	1	0
<b>Total Cases</b>	<b>6</b>	<b>8</b>

### Impacts

We have a responsibility to achieve value for money on the services we provide to our stakeholders. One way in which we measure our success is by identifying both the qualitative and quantitative impacts of our work. Quantitative impacts can overshadow qualitative impacts as they are more tangible as they identify a financial saving; however, they only present a partial picture, as it is difficult to quantify the deterrent effect of public audit, including the issue of our good practice guides, in contributing to improved public services. Set out below are examples of qualitative and quantitative impacts identified in 2021-22.

### Qualitative impacts of the audit function

#### NIAO REPORT



#### Planning in Northern Ireland

When the planning system works effectively, it can have a key role in encouraging investment and supporting the Northern Ireland economy, creating places that people want to work, live and invest in. However in the joint report on 'the Planning System in Northern Ireland' from the C&AG and the LGA, they concluded that it is not working efficiently and, in many aspects, is failing to deliver for the economy, communities or the environment.

Following extensive interest and engagement, the report identified a number of areas which required significant improvement and published a set of recommendations which will improve the performance of the planning system. Our report formed the basis of a PAC inquiry with several evidence sessions. PAC produced a report with 12 significant recommendations which are currently being considered by DfI and local councils. It was also one of the key items discussed at the 2022 NI Planning Conference.

## NIAO REPORT

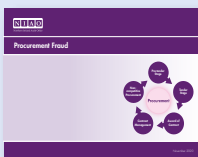


## Generating Electricity from Renewable Energy

The report looked at the government backed Northern Ireland Renewables Obligation (NIRO) which provides a financial incentive, in the form of Renewables Obligations Certificates (ROCs), to accredited generators of electricity from renewable sources, such as wind, solar and anaerobic digester plants. It considered issues around anaerobic digester plants and onshore wind turbines. It also assessed the existence and effectiveness of joined up strategic and operational partnership arrangements across government to support the NIRO scheme.

This report also generated qualitative benefits in the form of recommendations which, when fully adopted, will enhance joined up working between key stakeholders, promoting better value for money in any future energy related schemes. These include:

- improved engagement and data sharing between key public bodies;
- improved capacity and capability of teams and individuals designing and managing future energy related schemes;
- improved identification and management of the risks associated with retrofitting legislation from other UK regions;
- improved awareness in relation to the potential environmental consequences and planning aspects of future schemes; and
- improved financial modelling and data sharing between investors and government for future schemes.



## Grant Fraud Risks

Since the beginning of the COVID-19 pandemic, the volume and profile of government grant funding increased dramatically. In Northern Ireland, over £1 billion has been paid out purely in grants, to support businesses, agriculture, education, transport, sport and the arts. It was recognised that most organisations, businesses and individuals claiming grant support will be legitimate. There will, however, also be those who have taken advantage of the exceptional circumstances created by the pandemic in order to obtain funding to which they are not entitled.

As a timely reminder of these risks, and to provide guidance on how they can be mitigated, we produced a new guide on [Grant Fraud Risks for public sector bodies](#). This guide sets out the key fraud risks and red flags at each stage of the grants process, along with suggested mitigating controls for each. It also includes a self-assessment checklist, to provide public sector bodies with a degree of assurance in relation to their individual grants schemes or overall grants process.

## NIAO REPORT



## Impact Review of Special Educational Needs

This report, which was published in September 2020, was a follow up to our 2017 report on Special Educational Needs (SEN). In both 2017 and 2020, we concluded that the Department of Education (DE) and the Education Authority (EA) could not demonstrate value for money in the provision of support to children with SEN. Our 2020 report called for a systemic review of the SEN policies, processes, services and funding model to ensure the provision is sufficient to meet the needs of all children with SEN. The Public Accounts Committee (PAC) was extremely concerned by the findings and held evidence sessions on this report during October and November 2020.

DE and the EA have accepted the need for improvements and plans are underway to address the failings highlighted. Key actions include the commissioning of two independent reviews. The first review, which is nearing completion, will assess the effectiveness of the EA. The second review, which is now underway, is of the SEN service provision and processes. This review will include evaluating all types of SEN support provided to children; the impact of that support on children's outcomes; and the funding of SEN services. This is a crucial step towards developing an evidence base to ensure that money is being spent on support that maximises progress and achieves the best outcomes for children.

In addition, both DE and the EA committed to improving performance against the 26 week statutory timeframe for assessment and statementing. An improvement project was put in place to drive forward changes in the Statutory Assessment process and performance against the 26 week statutory timeframe has improved significantly. The EA recently advised the PAC that the backlog of assessment cases open for more than 26 weeks had been reduced from over 1,000 at the end of November 2019 to zero at the end of March 2021. As at the end of February 2022, the EA advised that 11 cases had been open for more than 26 weeks.

The reforms which are now underway have the potential to bring about much needed change and ensure that the SEN processes in place within the EA are fit for purpose.



## Internal Fraud Risks

Internal fraud (also referred to as staff fraud or insider fraud) is fraud committed against an organisation by someone employed by that organisation. Internal fraud can range from minor thefts of assets or inflated expense claims up to major diversion of funds, accounting frauds or exploitation of payroll or client data. To refresh guidance and to raise the profile of such risks, we produced an [internal fraud risk guide](#) to highlight what fraud risks and red flags to watch out for and the mitigating controls that can be put in place. The guide was also one of the main agenda items at the inaugural event of the Northern Ireland Fraud Forum, with the NIAO delivering a masterclass in combatting internal fraud.

## NIAO REPORT



## The COVID-19 Pandemic: Supply and Procurement of Personal Protective Equipment to local healthcare providers

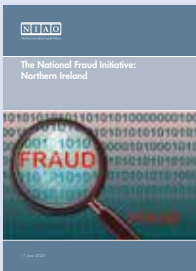


This report examined how government in NI responded to the urgent need to acquire large volumes of Personal Protective Equipment (PPE) for local healthcare providers following the onset of COVID-19 in early 2020. It highlighted clear evidence of equipment shortages in the early stages of the pandemic and the enormous challenges in meeting the dramatic increase in demand. Between January 2020 and April 2021, Business Support Services (BSO) spent almost £400 million acquiring PPE, and whilst acknowledging the difficult and pressurised environment it was operating in, the report identified some key lessons for future application. These included:

- improved contingency and emergency planning to avoid a repeat of any supply shortages;
- more flexible and responsive supply chains to reduce reliance on uncompetitive and very high cost contracts;
- better controls for managing potential conflicts of interest, and more comprehensive documenting of decisions over high cost procurements; and
- greater clarity over longer-term procurement and funding arrangements for providing PPE to the independent healthcare sector.

### Quantitative impacts of the audit function

During 2021-22, quantitative financial impacts of £7.6 million were achieved as a result of the work of the Office (2020-21: £53.98 million). This figure has been independently validated by the Office's External Auditor and represents 1.03 times the net resource outturn of the Office (2020-21: 8.2 times). The reduction in impacts identified is largely due to us no longer claiming savings on our work on the Renewable Heat Incentive (RHI) scheme, which was £49.6 million in 2020-21 and £162 million in total.

The following examples demonstrate the main financial impacts achieved during 2021-22:

NIAO REPORT	IMPACT
	<p><b>The National Fraud Initiative (NFI)</b> is a UK-wide data-matching exercise to prevent and detect fraud and error. The latest exercise has saved the public purse £4.4 million in Northern Ireland.</p> <p>£4.4 million</p>
	<p><b>General Report on Health &amp; Social Care Sector 2012-13 and 2013-14</b> – As a result of our recommendations, a number of fraud investigations were undertaken, resulting in estimated annual savings of some £1.9 million. We agreed a proportionate share of the savings - £0.4 million in the current year.</p> <p>£0.4 million</p> <p><b>Primary Care Prescribing</b> – Following our 2014 report, the HSC Board developed a prescribing efficiency plan for the primary care drugs budget. The HSC Board reported efficiency savings of £6.9 million. We agreed a proportionate share of these savings - £1.4 million in the current year.</p> <p>£1.4 million</p>
	<p><b>Generating Electricity from Renewable Energy</b> – as a direct result of this report, Land and Property Services was able to identify a large number of renewable generating stations that had not been assessed for rates valuation. The updated information from LPS indicated a further saving of £1.4m in 2020-21.</p> <p>£1.4 million</p>
<p><b>TOTAL IMPACTS</b></p>	<p><b>£7.6 million</b></p>

## Office Collaborations

The Office also continues to collaborate with key stakeholders to share our experience and our findings, not only from our audit function, but also in the development of our best practice guides

**Strategic Investment Board** – A joint guide, “A Strategic Approach to the Use of Public Sector Assets: A Good Practice Guide for Local Government in Northern Ireland” was produced in co-operation with the Strategic Investment Board (SIB). Its aim was to improve how local government organisations manage public sector land and property assets. It was launched at a virtual event delivered by the Chief Executives’ Forum, and included contributions by Colette Kane, (Local Government Auditor), by Brett Hannam (Chief Executive of SIB) and Stephen Reid (Chair, SOLACE NI).

Based on the nine core components of good asset management, as outlined in the **Local Government Auditor's Report 2019**, this guide proposes ways to improve and enhance the effectiveness and efficiency of land and property asset management. It draws on various sources of best practice and research and includes several practical case studies.

It is primarily aimed at senior council officers and those involved in land and property asset management in Northern Ireland's local government. The guide should also be of use to elected members who have decision-making powers in respect of the use of local government assets.

**Boardroom Apprenticeship Programme** – We continue to collaborate and participate with the apprenticeship scheme run by Strictly Boardroom, a training programme for those who want to serve on a board, especially in the public and third sectors. It is an initiative that bridges the gap between aspiration and reality for those who want to serve on a board and would like some help to get there. For 2022-23 we have offered to act as a host board for a non-executive trainee director.

**Chief Executives’ Forum** – We work closely with the Chief Executives’ Forum (CEF), an association of chief executive officers of civil and wider public service bodies in Northern Ireland, whose strategic purpose is 'To support Northern Ireland's public sector leadership to achieve improved outcomes by building trust, understanding, learning and collaboration across the public sector'. As part of this collaboration we have contributed alongside CEF to various training events on good governance and in the launch of our good practice guide on “A Strategic Approach to the Use of Public Sector Assets”. The Comptroller and Auditor General is a member of the CEF Board.

## Our People

We also consider the impact that the Office has had on our staff in providing them with training and opportunities to develop and broaden their experience.

A sample of their achievements is set out below:



### **Sinead Henry**

In November 2021, Sinead Henry received the Samuel Smith Memorial Prize award from Chartered Accountants Ireland for achieving 2nd place in the CAP 2 exams. Delighted with her results, she said “the CAP 2 exams were so difficult that I had my fingers crossed for a pass, so I was completely surprised when I found out I’d been placed second. I’m so grateful for the support from other Trainee Accountants and the wider staff, who supported me during these difficult exams”.



### **Nigel Cousins**

In November 2021, one of our Trainee Accountants (TA), Nigel Cousins, was elected Chair of the Chartered Accountants Student Society Ulster (CASSU). CASSU is the Ulster Regional Committee, responsible for organising events, such as health and wellbeing events, and networking. Nigel will hold this position for a period of 12 months. In leading the committee throughout its tenure, Nigel will provide support to members. He will also represent CASSU at each of the Chartered Accountants Student Society Ireland quarterly meetings to update it on events within his region.



### **Stephanie McKeivitt**

Stephanie took part in the 2021 Boardroom Apprentice programme. For her placement, Stephanie sat on the board of Age NI. Reflecting on her experience, Stephanie said “Boardroom Apprentice programme is really trying to improve the diversity of boards across Northern Ireland. I think that’s really important if you want strategy and decision making to be properly representative of society. The programme is a really unique learning and development opportunity. I had the privilege of being placed with a really excellent charity organisation, Age NI, and they’ve been part of the programme since it began in 2017. They couldn’t have been more welcoming or supportive.”



### **Patrick Barr**

In February 2022, Patrick was re-elected to the Council of the Chartered Institute of Management Accountants (CIMA) and will serve until June 2025. The Council is the global governing body of the Institute. For the last three years, Patrick has also chaired the Thought Leadership & Business Ethics Committee of the Association of International Certified Professional Accountants (AICPA). The role includes ensuring the Association’s thought leadership work is globally relevant, market led and innovative. Patrick said “it is so rewarding to be part of the Association’s thought leadership activity – the conversations about the future of the profession are fascinating and vital”.





### **Suzanne Walsh**

In August 2021, Suzanne took up the role of Chairperson of a new Committee in Chartered Accountants Ireland (CAI), the Professional Development Committee. The Committee has responsibility for reviewing and advising CAI's Education Board on the Institute's Professional Development strategy to ensure that members are supported throughout their career. Suzanne said, "I consider it a privilege to have been asked to Chair CAI's Professional Development Committee. It is absolutely essential that members have suitable opportunities to maintain and develop the knowledge and skills required to keep pace with what has become a fast moving and constantly evolving profession. I am delighted to be able to support the Institute and the profession in this way."



### **Corey McNutt**

Corey joined the Education and Training Committee of the Ulster Society of Chartered Accountants Ireland (CAI) in February 2022. The Committee offers advice and guidance to CAI on the provision of education and training in Northern Ireland. Corey said, "this is a great opportunity to become more involved with the wider CAI network as well as giving me the opportunity to further engage with fellow colleagues in order to represent their feedback on the committee. I look forward to the personal growth being a member of the committee offers, as well as positively influencing the dynamic education and training offered to all CAI trainees. I appreciate the level of support and trust the office has given me, allowing me to represent them in this role".

There was further exam and professional development success for our Trainee Accountants and Higher Level Apprentices during the year. Trainee Accountants Matt Brown, Peter Stewart and Zara O'Neill all passed their Final Admitting Examination with Zara also qualifying as a Chartered Accountant. Other staff qualifying as Chartered Accountants this year were Auditors Andrew Moore, Conor Hill and Richard Girvan. Meanwhile, Trainee Accountants Sinead Henry and Michael McNally passed their Chartered Accountant Proficiency 2 exams.

Aaron Hawthorne completed his Higher Level Apprenticeship (HLA), qualifying as an Account Technician and progressing to the Office's Trainee Accountant Programme. He will be joined in September 2022 by Aine Hanley and Kyle Jeavons who have also passed Year 1 of the HLA scheme. Another Year 1 HLA, Siubhán Ní Chiaráin, was also shortlisted for the Public Services People Managers Association's prestigious Apprentice of the Year award this year.

We are extremely proud of our trainees and apprentices, for the hard work they put in, and the results they achieved, especially through the outworkings of the COVID-19 pandemic.

## Performance measurement

In addition to measuring the impact of our audit work, we have a number of key performance measures to assist in demonstrating our productivity, quality of work and achievements in reducing costs. Performance achieved in 2021-22 against these key measures is as follows:

### Key performance measures



**Target:** To deliver a comprehensive programme of work with reduced resources, maintaining high standards.

We delivered a range of audit outputs with a net resource outturn that was 3.8 per cent higher in 2021-22 compared to 2020-21 (excluding ring-fenced VES and SBRI/GovTech expenditure). In the seven years up to and including 2021-22, our annual net resource outturn (excluding ring-fenced VES and SBRI/GovTech expenditure) has reduced by 5.1 per cent (16.0% per cent in real terms).



**Target:** To produce 26 public reports in 2021-22 as per the NIAO Public Reporting Programme (2021-23).

We published 34 reports (2020-21: 22), including 8 which arose as a result of findings from the financial audit process and 11 local government performance indicator reports.



**Target:** We subject our value for money reports to independent review by a panel of experts who rate the reports on a scale of 1 to 10. We aim to ensure that our value for money reports maintain an average quality review score of at least 6.

We achieved an average score of 7.7 for reports reviewed during 2021-22 (2020-21: 7.4).



**Target:** To certify 151 accounts; 80 per cent of audited bodies within seven months and 100 per cent within 12 months.

We achieved certification of 114 accounts. In addition, 14 prior year accounts were certified in 2021-22, to total 128 (2020-21: 137). Of the 114 accounts certified, 63 per cent of audits were delivered within seven months (2020-21: 56 per cent) and 76 per cent within 12 months (2020-21: 83 per cent). This was achieved despite the continuing challenges resulting from the pandemic, the limited access to premises, and the need for staff to work remotely.



**Target:** Annual confirmation of compliance with the International Standard on Quality Control (ISQC 1), to ensure that our financial audit has complied with our audit methodology and professional auditing standards.

Three accounts were independently reviewed by the Institute of Chartered Accountants in England and Wales (ICAEW). Each of the three audits was rated 'generally acceptable' and two follow-up reviews were completed - in both cases, prior significant issues were found to have been substantially addressed.

## Resource Accounts 2021-22

Schedule 2 of the Audit (Northern Ireland) Order 1987 requires the NIAO to prepare resource accounts. Details of the Order can be found at [www.legislation.gov.uk](http://www.legislation.gov.uk).

The financial statements on pages 89 to 108 have been prepared by us on a resource basis in accordance with the 2021-22 Government Financial Reporting Manual (FReM) issued by the Department of Finance.

### NIAO Estimate and Budget process

The Audit (Northern Ireland) Order 1987 requires the C&AG to prepare a Supply Estimate each financial year. The Northern Ireland Assembly Audit Committee (NIAAC) examines our budget proposals, agrees the annual Supply Estimate with the C&AG, and lays the Supply Estimate before the Assembly for approval.

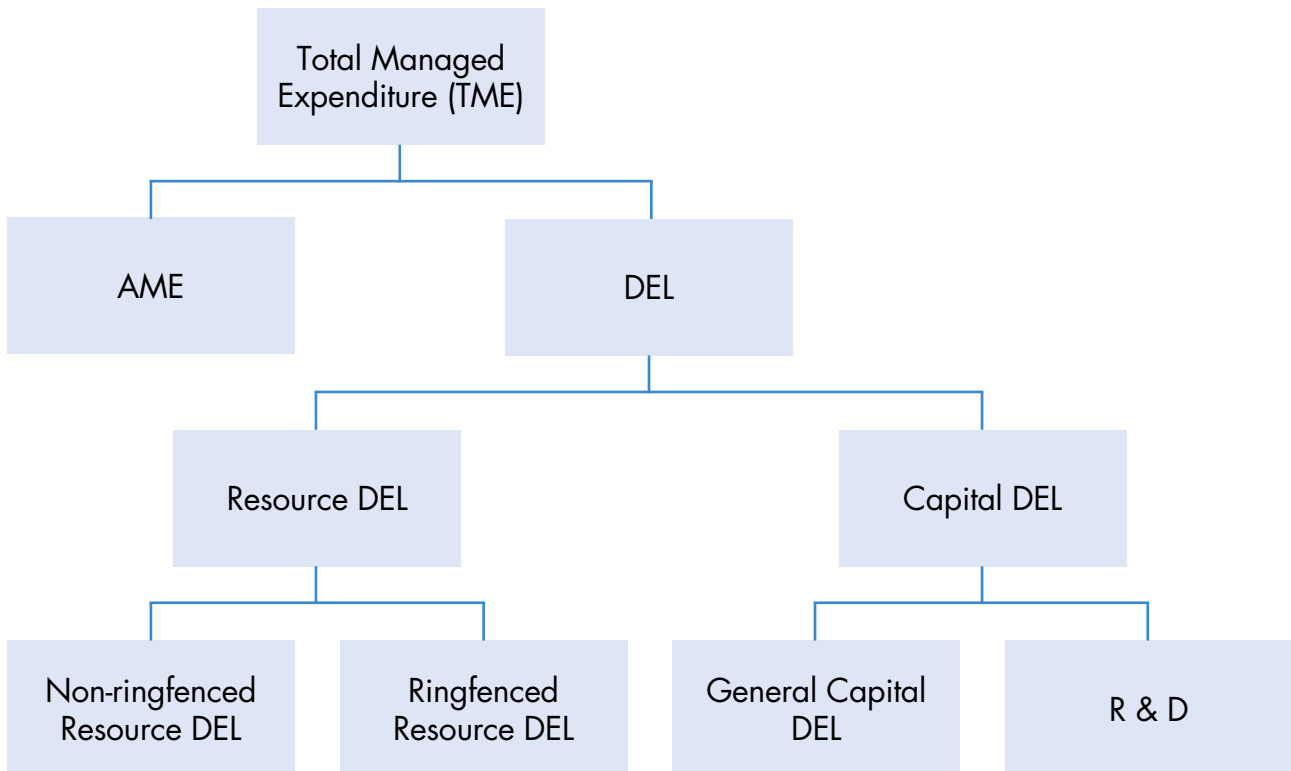
The NIAAC approved the NIAO budget proposal for 2021-22 on 14 December 2020. The NI Assembly passed the Budget Act (Northern Ireland) 2021 on 23 March 2021. The authorisations, appropriations and limits in this Act provided the authority for a Vote on Account to provide cash and resources for the initial months of the 2021-22 financial year.

The Budget (No. 2) Act (Northern Ireland) 2021, covering the 2021-22 Main Estimates, was passed by the NI Assembly on 4 August 2021.

The Assembly passed the Budget Act (Northern Ireland) 2022 in March 2022 which authorised the cash and use of resources for the 2021-22 year, based on the Executive's final expenditure plans for the year. The Budget Act (Northern Ireland) 2022 also included a Vote on Account to authorise access to cash and use of resources for the early months of the 2022-23 financial year. The cash and resource balance to complete for the remainder of 2022-23 will be authorised by the 2022-23 Main Estimates and the associated Budget Bill based on an agreed 2022-23 Budget. In the event that this is delayed, then the powers available to the Permanent Secretary of the Department of Finance under Section 59 of the Northern Ireland Act 1998 and Section 7 of the Government Resources and Accounts Act (Northern Ireland) 2001 will be used to authorise the cash, and the use of resources during the intervening period.

The NIAO budget proposal for 2022-23 was agreed by the NIAAC on 30 November 2021.

## Budget structure



Budgets are split into 2 categories:

- Annually Managed Expenditure (AME);
- Departmental Expenditure Limit (DEL).

AME budgets are volatile or demand-led in a way that bodies cannot control. The NIAO does not have any AME expenditure.

DEL budgets are classified into resource and capital.

- Resource budgets are further split into non-ring fenced resource that pays for programme delivery and running costs, and separately ring fenced resource that covers non-cash charges for depreciation and impairment of assets.
- Capital DEL includes spending on assets. Research and Development grants are also included as Capital DEL for budget purposes but as resource in the Estimate.

Budget information does not currently relate directly to financial information presented in Financial Statements due to a number of misalignments. It is intended that the Executive's Review of Financial Process will help address these differences and improve transparency.

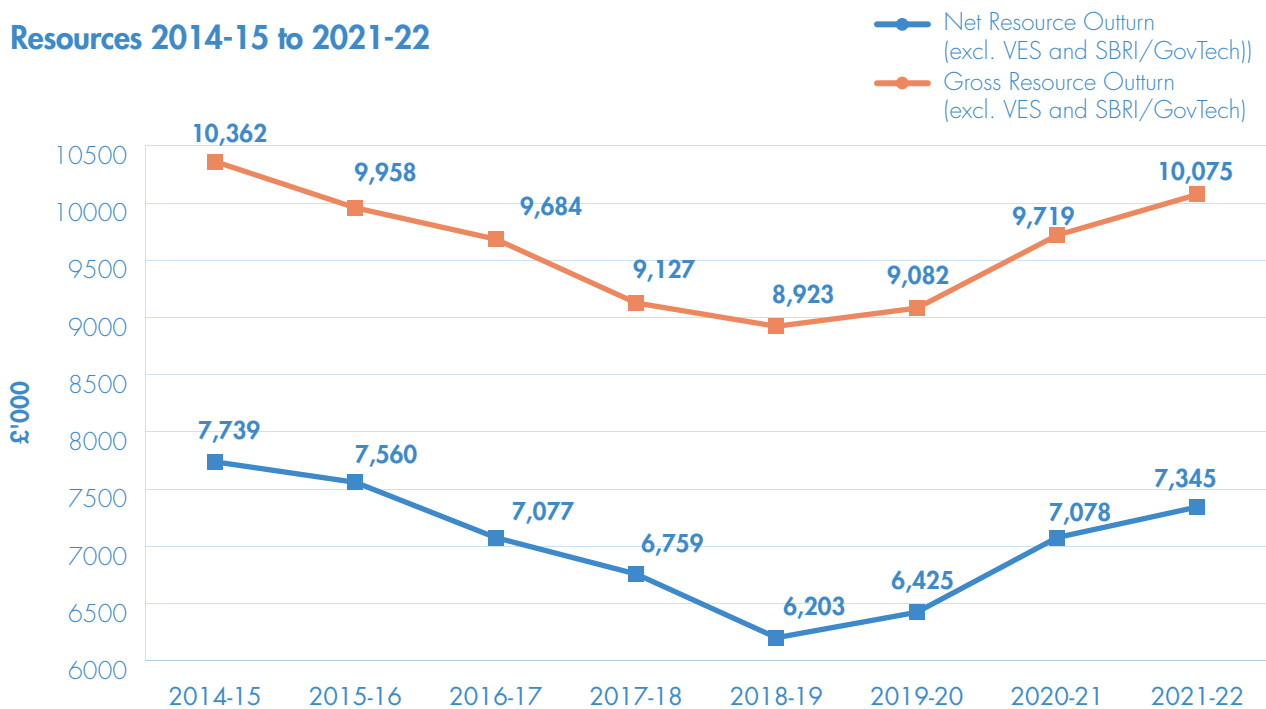
Further detail on DoF's Budgeting Framework can be found in the [Consolidated Budgeting Guidance published by Treasury](#).

## Resources

Set out below are the resource outturn figures in cash terms from 2014-15 to 2021-22 excluding the costs of the Voluntary Exit Scheme (VES) and SBRI/GovTech. In real terms, the 2021-22 position represents a 16% reduction in Net Resource Outturn compared with 2014-15. Significant reductions were made since 2014-15 primarily through natural wastage and the implementation of VES.

### Resource Outturn in cash terms 2014-15 to 2021-22

#### Resources 2014-15 to 2021-22



The resources used by the Office in 2021-22 are set out in the following table:

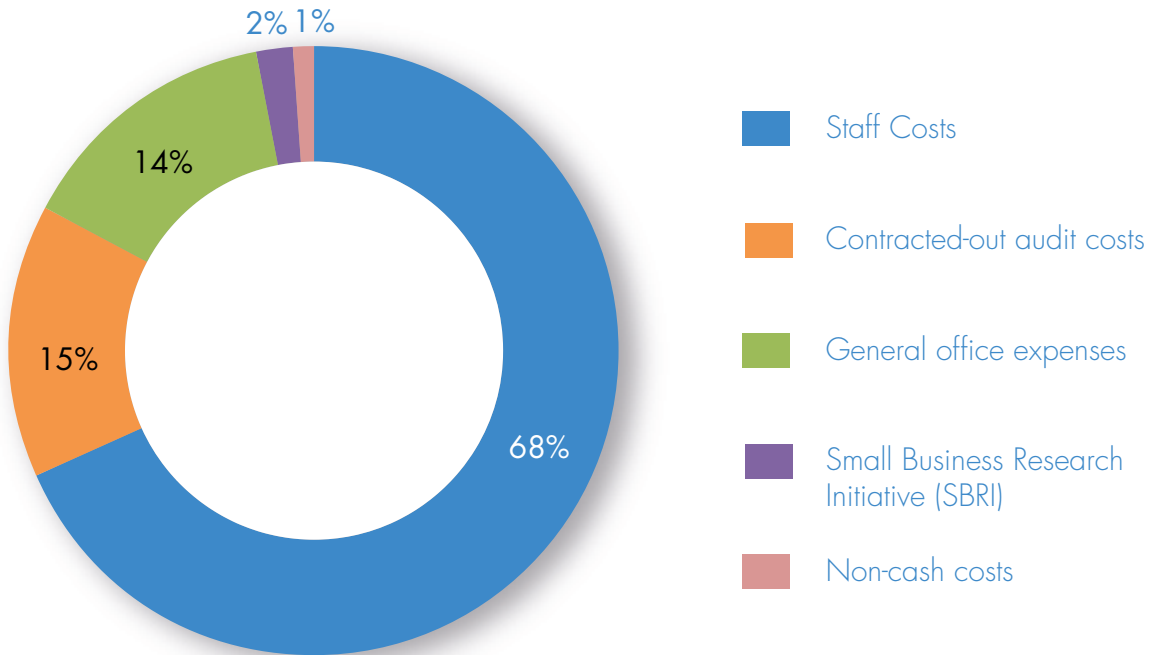
	Estimate £'000	Outturn £'000	Saving/(Excess)	
			£'000	%
Gross Resource Requirement	10,570	10,325	245	2.3
Income	2,730	2,730	0.0	0.0
<b>Net Resource Requirement (NRR)</b>	<b>7,840</b>	<b>7,595</b>	<b>245</b>	<b>3.1</b>
SBRI/GovTech	250	250	0.0	0.0
<b>NRR excluding SBRI/GovTech</b>	<b>7,590</b>	<b>7,345</b>	<b>245</b>	<b>3.2</b>
Capital	4,850	3,107	1,742	35.9

Savings arose from:

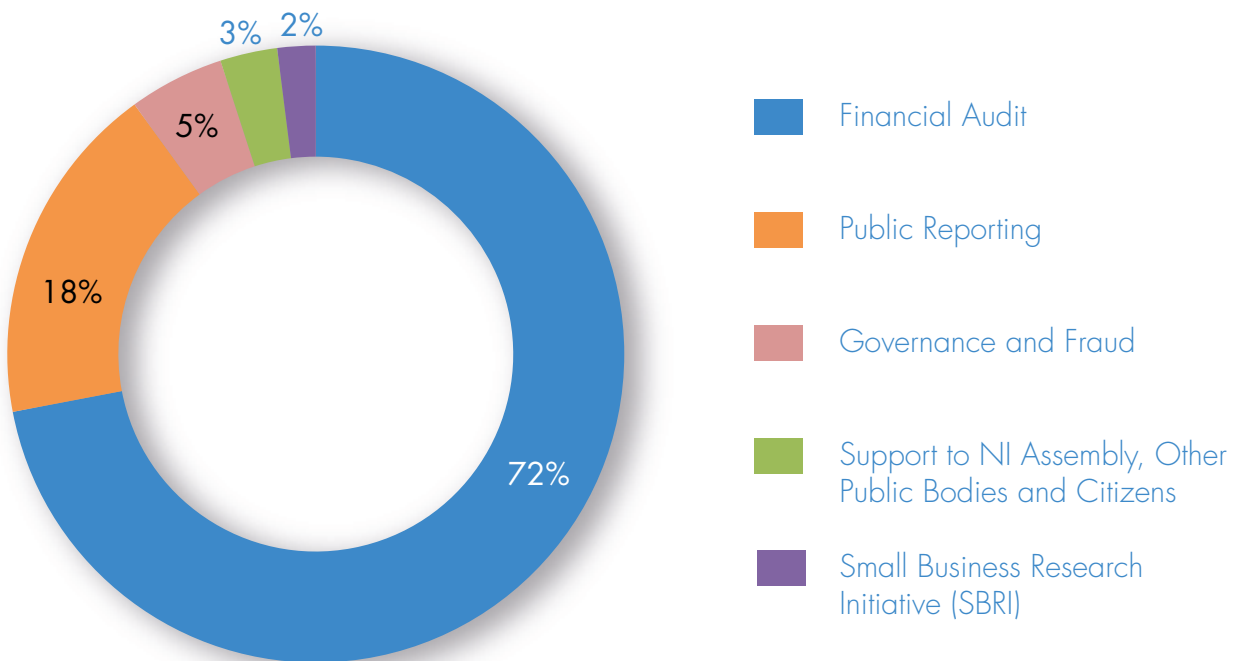
- lower general administration costs with COVID-19 continuing to have an impact in the year.

Staff costs continue to be the largest area of expenditure for the Office:

**Key areas of expenditure**



**How resources were used**



In addition to the above, the cost of administering the Comptroller Function was £14,000, as shown at Note 2 to the Financial Statements

Income includes:

- fees received from:
  - some central government bodies and North-South bodies in respect of the audit of their accounts;
  - the National Audit Office, for audits we carry out on its behalf; and
  - local government bodies, for the audit of their accounts and performance improvement.
- recoupment of salary and associated costs for seconded staff.

Each element of income, and the direct costs associated with it, is shown in Other Assembly Accountability Disclosures (Audited) at page 80.

### Resources required in the future

The 2022-23 Resource Requirements were approved by the NI Assembly Audit Committee on 30 November 2021. Allocated resources are shown in the following table:

	2022-23 £'000
Gross Resource Requirement	11,765
Income	2,900
<b>Net Resource Requirement (NRR)</b>	<b>8,865</b>
Consolidated Fund standing charges	205
<b>Resource Budget</b>	<b>9,070</b>
Capital	2,290

### Capital – Redeveloping our Office Accommodation

The 2022-23 capital budget includes £2.25million of capital for the redevelopment of our premises as part of a project to better utilise the space that we currently occupy. The construction phase of the project has progressed well, with works expected to be completed in July 2022. Costs incurred to date are shown under 'Assets under Construction' in Note 6 of the financial statements.

### Reconciliation of Resource Expenditure between Estimates, Accounts and Budgets

The Government Financial Reporting Manual requires a table showing a reconciliation, on an outturn basis, between the Net Resource Outturn, the Net Operating Cost and the Budget. This table is shown below:

	2021-22 £'000	2020-21 £'000
<b>Net Resource Outturn</b>	<b>7,595</b>	<b>7,327</b>
Consolidated Fund Extra Receipts	(113)	–
Non-supply expenditure	214	160
<b>Net Operating Cost</b>	<b>7,696</b>	<b>7,487</b>
Research & Development Expenditure (SBRI/GovTech)	(250)	(249)
<b>Resource Budget Outturn of which</b>	<b>7,446</b>	<b>7,238</b>
Department Expenditure Limits (DEL)	7,446	7,238
Annually Managed Expenditure (AME)	–	–

### Payment of Suppliers

The Office is committed to the prompt payment of bills for goods and services received, in accordance with the Better Payment Practice Code. Unless otherwise stated in the contract, payment is due within 30 days after delivery of the invoice or the goods and services, whichever is later.

For 2021-22, the Office paid 97.6 per cent of bills (2020-21: 98.3 per cent) within this standard.

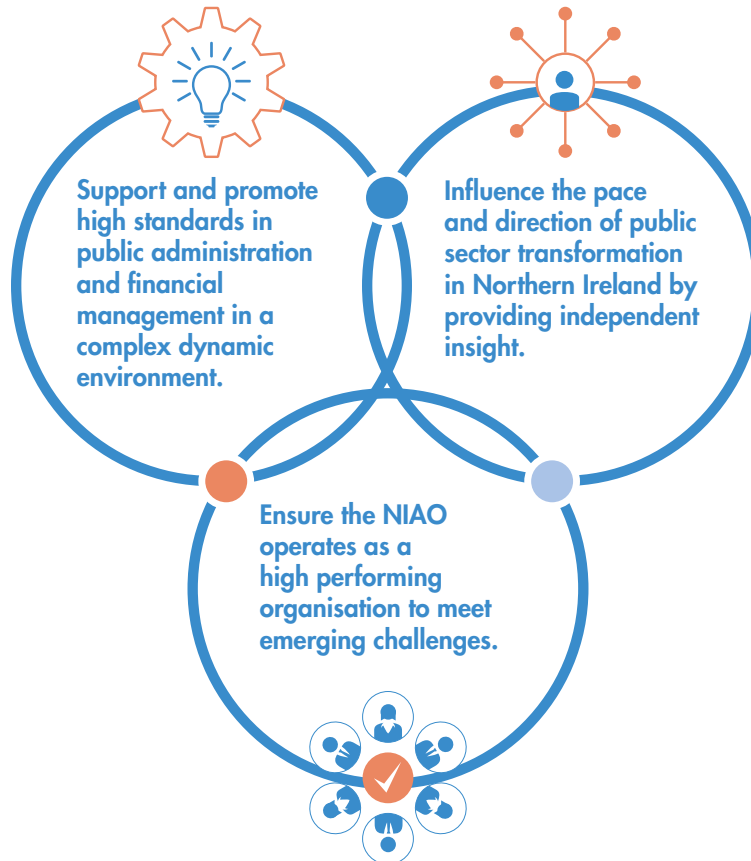
In addition to this, the government has said that, wherever possible, public sector bodies should seek to pay suppliers within 10 working days of receipt of the invoice. For 2021-22 we met this standard for 88.3 per cent of invoices received (2020-21: 92.3 per cent).



## Future development of the business

Our three strategic priorities for the period 2021-24 in our Corporate Plan are as follows:

### NIAO Strategic Priorities



In supporting and promoting high standards in public administration and financial management in a complex dynamic environment, we will:

- provide our taxpayers, ratepayers, elected representatives and the wider public through the timely delivery of our financial audit programme;
- support the PAC in holding the public sector to account through the delivery of topical, timely and accurate reports;
- promote high standards of leadership and transparency across the public sector;
- promote a strong counter fraud culture across the public sector; and
- produce best practice reports and disseminate across the public sector.

**What is the Outcome:** The NIAO plays a key role in overseeing and providing assurance on public sector spending in Northern Ireland to the NI Assembly.

Through influencing the pace and direction of public sector transformation in Northern Ireland by providing independent insight, we will:

- ensure our reports and good practice guides target the key public sector priorities in a proportionate and timely manner;
- influence public sector transformation through providing informed opinion on the contribution to Programme for Government (PfG) outcomes;
- share lessons learned and insights gained through the public sector COVID-19 response to accelerate transformation;
- work collaboratively and constructively with other public sector leaders to develop more efficient and effective public services in Northern Ireland; and
- promote opportunities for 'joined up' working across the public sector to implement the new PfG.

**What is the Outcome:** Using its experience and expertise, the NIAO offers 'thought leadership' to the public sector as it transforms in a dynamic and challenging environment.

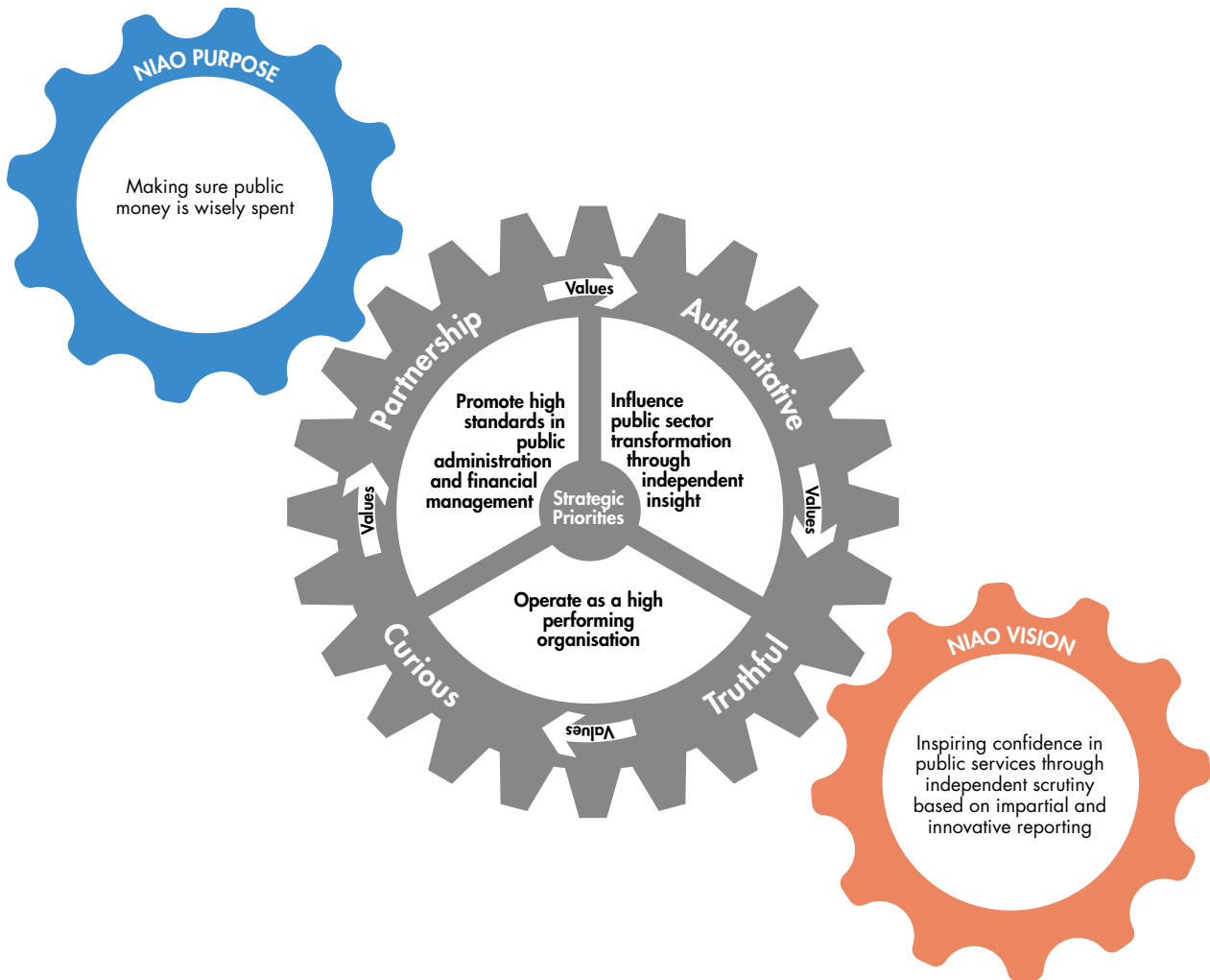
By ensuring that the NIAO operates as a high performing organisation to meet emerging challenges, we will:

- implement the NIAO People Strategy and Investors in People standards to develop the capacity and capability of our highly skilled, motivated and versatile workforce;
- regularly review our audit policies, standards, procedures and methodologies, including digitalisation, to ensure the NIAO is at the forefront of best practice;
- put in place robust governance and quality control mechanisms and apply them consistently in a proportionate and cost effective manner;
- develop a balanced suite of performance measures to oversee, manage and measure all aspects of performance and productivity; and
- create a modern attractive workplace and working arrangements that maximise the productivity of staff.

**What is the outcome:** The NIAO is an exemplar of good governance and organisational economy, efficiency, and effectiveness.

Our Purpose drives our Vision, which is delivered through our Corporate Priorities and our core Values. How these fit together in an integrated way is represented in the diagram below.

**NIAO Purpose, Vision, Values and Priorities**



## Sustainability, environmental, social and community matters

High profile forums such as COP26 and the passing of the Climate Bill in the NI Assembly have highlighted the need for the NIAO to take a more pro-active approach in addressing the issue of sustainability.

Although sustainability is a multifaceted discipline, our focus in the reporting period has been on the transition to Net Zero. In year we have established two working groups: the Internal Climate Change Programme Team (ICPPT), which has been raising awareness on sustainability in the Office and working on the calculation of NIAO's emissions; and the external working group which will be developing the approach to the future audit of climate change programmes across the public sector.

ICPPT's main focus has been in establishing a baseline for our emissions, through the gathering of raw data from our accounting records and staff surveys; to this data, industry recognised conversion factors were applied in order to display our emissions in a way that is understandable and comparable.

We have been ambitious in our calculations seeking to make these as meaningful as possible. We have therefore adopted the Green House Gas Protocols 2001 (GHG) and the associated GHG reporting. Rather than starting with Scope 1 GHG Reporting - which identifies emissions that a company makes directly, we decided to move directly to Scope 2; this includes emissions from purchased electricity, steam, heating, and cooling. There is a further scope (Scope 3), which incorporates not only all the emissions associated with the Office itself, but also those we are indirectly responsible for, such as sourcing products from our suppliers. We have commenced this stage by including travel to and from work and working from home in our calculations, but we will require further data gathering as we continue to develop our research on this matter.

Set out below is our latest greenhouse gas emission calculations for the periods 2018-19 to 2020-21, the first time such data has been produced.

	2018-19	2019-20	2020-21
Tonnes CO <sub>2</sub> Equivalent	462	504	231

In the refurbishment of our Office in University Street, we have adopted the Building Research Establishment Environmental Assessment Method (BREEAM) to assess the sustainability of the project. Launched in 1990, by the Building Research Establishment (BRE) it sets standards for the environmental performance of buildings through the design, specification, construction and operation phases and can be applied to new developments or refurbishment schemes. It focuses on sustainable value across a range of categories:

- Energy
- Land use and ecology
- Water
- Health and wellbeing

- Pollution
- Transport
- Materials
- Waste
- Management

Each category focusses on the most influential factors, including reduced carbon emissions, low impact design, adaption to climate change, ecological value and biodiversity protection. In the latest assessment of the project, it was rated as "Very Good", which equated to a performance equivalent of the top 25% of UK new non-domestic buildings.

On a more practical basis, we remain committed to sustainable practice and minimising our impact on the environment. We meet these commitments by disposing of waste carefully, recycling appropriate materials, and by conserving the energy we consume. Redundant electronic and electrical equipment is passed to an external contractor who expunges all data to a standard set by government and then recycles the hardware.

The Office's procurement guidance requires procurement decisions to have regard to equality of opportunity and sustainable development. Much of what we procure, including services for the upkeep of our premises, is through Northern Ireland Civil Service (NICS) wide contracts. These contracts, established locally by the Department of Finance's Construction and Procurement Delivery, are committed to delivering on the NICS' sustainability, environmental, social and community objectives.



**Kieran Donnelly CB**  
**Comptroller and Auditor General for Northern Ireland**

**24 June 2022**

# Accountability Report



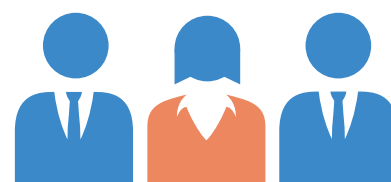
**£7.6**  
Million

Net Resource Outturn for  
2021-22



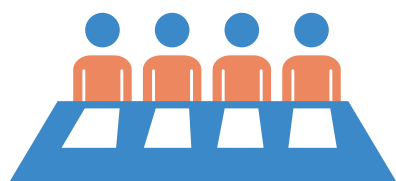
**£7.14**  
Million

Staff costs



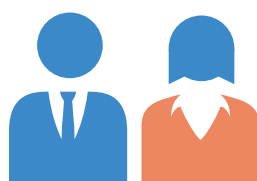
**115**  
FTE

Staff in post at  
31 March 2022



**7**  
Senior  
Management  
Team

**5** Male  
**2** Female



**108**  
Other Staff

**46** Male  
**62** Female



**Auditor's**  
Report

Unqualified independent  
auditor's report

## Senior Management Team



**Rodney Allen**  
Chief Operating Officer



**Patrick Barr**  
Director



**Neil Gray**  
Director



**Colette Kane**  
Director



**Brian O'Neill**  
Director  
(with effect from  
1 June 2021)



**Suzanne Walsh**  
Director



**Tomas Wilkinson**  
Director

## CORPORATE GOVERNANCE REPORT

The purpose of the corporate governance report is to explain the composition and organisation of the NIAO's governance structures and outline how they support the achievement of our objectives.

### Directors' Report

The directors of the NIAO comprise the senior managers and the non-executive members, whose details are set out below.

### NIAO Senior Management Team

Subject to the C&AG's statutory position as corporation sole and his primacy in setting strategy, policy and procedures, the Senior Management Team (SMT) is the principal mechanism for directing the business and decision making in the NIAO. This team is chaired by the C&AG and its membership over the reporting period was as follows:

**Rodney Allen**

Chief Operating Officer

**Patrick Barr**

Director

**Neil Gray**

Director

**Colette Kane**

Director

**Brian O'Neill**

Director

(effective from 1 June 2021)

**Suzanne Walsh**

Director

**Tomas Wilkinson**

Director



## C&AG's Advisory Board

The Advisory Board is responsible for providing objective and impartial advice to the C&AG to assist him in the discharge of his functions, and works in partnership with the C&AG and the SMT. The Advisory Board scrutinises the work of the NIAO in the five areas of strategic clarity, commercial sense, talented people, results focus and management information. It also scrutinises and advises on Office finances on an ongoing basis.

The Advisory Board comprises both executive (C&AG and Chief Operating Officer (COO)) and non-executive members, the latter bringing an independent and external perspective to the work of the Board.

Under current arrangements, the Chairperson of the Advisory Board is appointed by the C&AG through open competition, based on merit, following endorsement by the Northern Ireland Assembly Audit Committee (NIAAC). Non-executive members are similarly engaged and will be members of the Advisory Board.

Each non-executive member is appointed for a three year period, which may be extended for a maximum of a further three years by the C&AG with the endorsement of the NIAAC.

These arrangements have been revisited following the review of "Governance and Accountability Arrangements for the NIAO [and the Northern Ireland Public Services Ombudsman]" conducted by the NIAAC. This report produced 16 NIAO-related recommendations including the establishment of NIAO as a body corporate in the form of a statutory board, the establishment of a code of practice between the statutory board and the C&AG and, in advance of these arrangements, the updating of the current Memorandum of Understanding to reflect organisational changes.

In 2021-22, the Advisory Board's membership was as follows:

### Martin Pitt

#### Advisory Board Chairperson

In December 2018, Martin Pitt was appointed as the Chairperson of the Advisory Board. He was previously a partner within PwC's Audit and Assurance Team and Head of Internal Audit, bringing with him over 30 years' experience working with public and private sector bodies across the UK. Throughout his career, he has advised organisations on issues relating to corporate governance and risk management.

### Rodney Allen

#### Chief Operating Officer

On 15 March 2021, Rodney Allen was appointed Chief Operating Officer, with responsibility for both leading and managing the NIAO's operational business and supporting the C&AG in the strategic leadership of the NIAO, including stakeholder management. He is responsible for cultural change within the NIAO, and for developing greater flexibility in management structures and service delivery.

Three further non-executive members were appointed to the Advisory Board, effective from 1 April 2019.



**Professor Noel Hyndman – until end of tenure 31 March 2022**

Since January 2021, Noel has been Professor Emeritus and Honorary Professor at Queen's University of Belfast, after a period as Professor of Accounting (2002-2020) and Director of the Centre for Not-for-profit and Public-sector Research (2015-2020). Previously, he was Professor of Accounting at the University of Ulster, and has held Visiting Professorships at the University of Ottawa in Canada and the University of Sydney in Australia, as well as being an Erskine Fellow at the University of Canterbury in New Zealand and a PARG Visiting Scholar in the Sprott School of Business, Carleton University, Ottawa, Canada. He is a Chartered Global Management Accountant and a Fellow of the Chartered Institute of Management Accountants. He is Chair of the British Accounting and Finance Association's (BAFA's) Public Services and Charities Special Interest Group, and a member of BAFA's Executive Committee. Professor Hyndman has been Academic Advisor to the Chartered Accountants Ireland Educational Trust since 2011.



**Marie Mallon OBE**

Marie Mallon OBE is a member of the Board of the Northern Ireland Transport Holding Company and is an associate of the Health and Social Care Leadership Centre. Marie has also held the position of Chair of the Labour Relations Agency as well as Chair of the Public Sector Chairs Forum. Prior to that she was Director of HR and Deputy CEO of Belfast Health and Social Care Trust for seven years, having previously held the position of Director of HR with the Royal Hospitals Trust. Mrs Mallon is a Chartered Fellow of the Chartered Institute of Personnel and Development (CIPD) and obtained a distinction in her MSc in HR Leadership from University of Manchester. In 2022 she was awarded an OBE for her services to industrial and employment relations in Northern Ireland.



**John Turkington**

John Turkington is Principal of Turkington Chartered Accountants and previously held senior roles in Ulster Bank as Director of Corporate Banking, Director of Property Banking and Regional Director of Commercial Banking. More recently, he held an all-island role as Head of Ulster Bank's Specialised Relationship Management division. He is a graduate of Queen's University, Belfast (Law and Accounting) with a post-graduate Diploma in Accounting, and is a Fellow of Chartered Accountants Ireland.

## NIAO Audit and Risk Assurance Committee

The C&AG, as the Accounting Officer of the NIAO, is responsible for ensuring that there are effective arrangements for governance, risk management and internal control.

The Advisory Board supports the C&AG in this role by reviewing the comprehensiveness and reliability of assurances on governance, risk management, the control environment, and the integrity of financial statements and the annual report.

To provide support in these functions, the Board appoints an Audit and Risk Assurance Committee to review the comprehensiveness of assurances on systems of internal control, risk management and corporate governance. The Audit and Risk Assurance Committee is independent of all NIAO operational activities and is composed solely of non-executives.

The membership of the Committee is:

Professor Noel Hyndman (Chairperson until 31 March 2022)

Marie Mallon OBE

John Turkington (Chairperson from 1 April 2022)

## Register of interests

None of the non-executive or executive members of the Office's governance structures in 2021-22 held company directorships or significant interests which might conflict with their responsibilities. Also, none had any other related party interests.

## Auditor of the NIAO

The Department of Finance re-appointed Baker Tilly Mooney Moore as the external auditor of the NIAO for a three-year term commencing with the audit of the 2018-19 accounts. In 2021-22, it decided to take up the option to extend the contract by a further two years.

In addition to its work to form an opinion on the financial statements, Baker Tilly Mooney Moore reviews the NIAO's statement of financial impact which is reported on page 28. Details of the cost of the work done by the external auditor are disclosed in Note 4 to the Financial Statements.

## Disclosure of relevant audit information

The C&AG has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the auditors are aware of that information. So far as the C&AG is aware, there is no relevant information of which the auditors are unaware. The C&AG has taken personal responsibility for the annual report and accounts and the judgments required for ensuring they are fair, balanced and understandable.

### Personal data-related incidents

There were no protected personal data-related incidents which required reporting to the Information Commissioner's Office (ICO).

### Complaints

We have a complaints process in place to ensure that complaints from both clients and the public are dealt with in a timely, open and fair way, in line with public sector good practice. The process has three stages, the details of which can be found on our website. If a complainant remains dissatisfied following the outcome of these three stages, they may refer the matter to the Northern Ireland Public Services Ombudsman's Office (NIPSO), in accordance with the Northern Ireland Public Services Ombudsman Act (Northern Ireland) 2016.

During 2021-22, we received three complaints, each of which was addressed in-house. One complaint was referred to the Information Commissioner's Office, and remains outstanding.

Further information on the monitoring of complaints can be requested from:

Information Manager  
Northern Ireland Audit Office  
106 University Street  
Belfast,  
BT7 1EU

Tel No 028 9025 1097

### Health and Safety

Our health and safety policy is made available to all staff.

No incidents were recorded during 2021-22 and no report to the Health and Safety Executive for Northern Ireland under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations was required.

All staff have access to an independent and confidential counselling, support and advice service. This counselling support is free to staff at the point of use and is totally external to the Office.

## Statement of Accounting Officer's Responsibilities

Under Article 6(3) of the Audit (Northern Ireland) Order 1987, the NIAO is required to prepare, for each financial year, resource accounts of the kind mentioned in Section 9 of the Government Resources and Accounts Act (Northern Ireland) 2001, detailing the resources acquired, held or disposed of during the year and the use of resources by the NIAO during the year.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the NIAO and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards, as set out in the Government Financial Reporting Manual, have been followed, and disclose and explain any material departures in the accounts;
- prepare the accounts on a going concern basis; and
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

Under the Audit (Northern Ireland) Order 1987, the Department of Finance has appointed the C&AG for Northern Ireland as Accounting Officer for the Northern Ireland Audit Office.

The C&AG for Northern Ireland's relevant responsibilities as Accounting Officer, including responsibility for the propriety and regularity of the NIAO's finances for which he is answerable, for the keeping of proper records and for safeguarding the NIAO's assets, are set out in *Managing Public Money Northern Ireland*, published by the Department of Finance.

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the NIAO's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

## Governance Statement

### Introduction

As Accounting Officer for the NIAO, I have responsibility for maintaining effective governance and a sound system of internal control that supports the achievement of the NIAO's policies, aims and objectives, while safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in *Managing Public Money Northern Ireland*.

### Structure of governance

The NIAO's governance structure reflects the statutory position of the C&AG, as set out in two key pieces of legislation:

- The Audit (Northern Ireland) Order 1987 provided for the office of C&AG to be a corporation sole and established the NIAO to assist the C&AG in the discharge of his statutory functions.
- The Northern Ireland Act 1998 requires that, in exercising his functions, except for any function conferred on him of preparing accounts, the C&AG shall not be subject to the direction or control of any Minister or Northern Ireland department or the Assembly. Accordingly, the C&AG has complete discretion in the discharge of his statutory audit functions, with responsibility for the programme of audit work, all audit opinions and judgements resting with him alone.

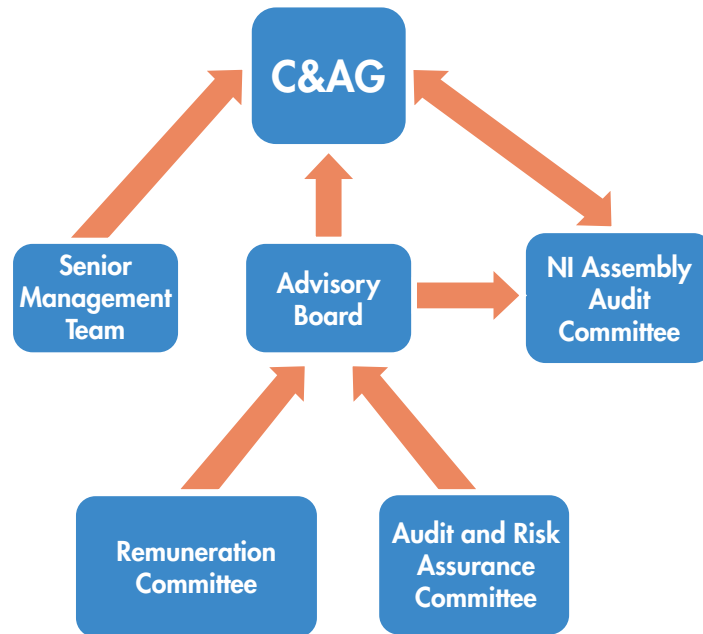
As the holder of this office, I have primacy in determining the strategy, staffing and structure of the Office and am responsible for designing and implementing the internal governance arrangements to support the delivery of my statutory functions. In so doing, I seek to comply with the spirit of the 'Corporate governance in central government departments: Code of good Practice NI 2013' ("the Code") issued by the Department of Finance. I accept the tenets of the Code as constituting best practice, however the specific legal constitution of the office of C&AG as a corporation sole means that I cannot directly apply the 2013 Code arrangements to the NIAO. In particular, there is no provision in legislation for the establishment of a board.

This is currently being addressed through the Northern Ireland Assembly Audit Committee (NIAAC) who published a report on the "[Review of the Governance and Accountability Arrangements for the Northern Ireland Audit Office and the Northern Ireland Public Services Ombudsman](#)" in January 2022. This report includes 16 recommendations directly related to the NIAO including, the future tenure of the C&AG, the appointment of a single auditor for the public sector, the establishment of NIAO as body corporate in the form of a Board, and the appointment of non-executive members of the NIAO statutory board by NIAAC.

The outworkings of many of these recommendations will require legislation; however others, such as the strengthening and updating of the current memorandum of understanding between my Office and NIAAC to reflect organisational changes, can be addressed following the return of the NI Assembly.

The current internal governance arrangements of the NIAO that I have established are illustrated below.

### NIAO Governance Structure



Overall I am content that the NIAO governance arrangements are compliant with the Code on an appropriate and proportionate basis.

## Components of governance structure

### NI Assembly Audit Committee (NIAAC)

I am accountable to the Northern Ireland Assembly via the NIAAC, which has the role defined in section 66 of the Northern Ireland Act 1998. Under current arrangements, the NIAAC's responsibilities include: examining the NIAO Estimate and laying it before the Assembly; considering the NIAO's Corporate Plan; examining the NIAO Annual Report and Accounts and reports received from the external auditor; providing advice to the Department of Finance on the appointment of the NIAO external auditor; and tabling a motion in the Assembly in respect of the salary of the C&AG. This will be extended as the recommendations of the NIAAC Committee report are implemented; the governance structures will also change. However, at this time the key elements of the internal governance arrangements of the Office are as set out below. Further information on these, including minutes of meetings, are available on our [website](#).

## Advisory Board

The Advisory Board is responsible for providing objective and impartial advice to the C&AG to assist him in the discharge of his functions, and works in partnership with the C&AG and the Senior Management Team. The Board scrutinises the work of the NIAO in the five areas of strategic clarity, commercial sense, talented people, results focus and management information, as set out in 'Corporate governance in central government departments: Code of good practice NI 2013' issued by DoF, with the objective of providing constructive challenge. It also scrutinises and advises on Office finances on an ongoing basis.

The Advisory Board comprises both executive (the C&AG and the COO) and non-executive directors (NEDs), the latter bringing an independent and external perspective to the work of the group.

Each member is appointed for a three-year period, which may be extended by the C&AG, with the endorsement of the NIAAC. During 2021-22, the initial three-year tenure for all of our NEDs was coming to an end. However, following consultation with the NIAAC, it was agreed to extend the term of the Chair and two of the three NEDs by a further two years. The remaining NED chose not to seek an extension to his tenure and in June 2022 Terry McGonigal was appointed for a period of three years, up to July 2025.

During 2021-22, the Advisory Board met three times and also held a workshop on Board Effectiveness. The attendance at each of these events is recorded below:

Members present	Advisory Board			
	18/05/21	13/10/21	18/10/21 (Workshop)	21/02/22
Martin Pitt (Chairperson)	✓	✓	✓	✓
Noel Hyndman	✓	✓	✓	✓
John Turkington	✓	✓	✓	✓
Marie Mallon OBE	✓	✓	✓	✓
Kieran Donnelly (C&AG)	✓	✓	✓	✓
Rodney Allen (COO)	✓	✓	✓	✓

In addition, other officials of the Office attended, as required, to assist with the discussion of agenda items. The Office's corporate secretariat provided it with an appropriate support service.

## Audit and Risk Assurance Committee

The Advisory Board supports me in my role, as Accounting Officer, in my responsibility for issues of risk, control and governance, by reviewing the comprehensiveness, reliability and integrity of assurances. This includes supporting and advising me on the planned activity and results of both internal audit and external audit (see page 49) and the adequacy of management's response to issues identified by audit activity, including external audit's management letter.



To provide support in these functions, the Board has established an Audit and Risk Assurance Committee (ARAC). ARAC comprises three non-executive Board members of NIAO, excluding the NIAO Board Chairperson, who may attend by invitation if required. The Chairperson of ARAC, appointed by the Board Chairperson, was Professor Noel Hyndman. Since Prof Hyndman stood down at 31 March 2022, he has since been replaced by John Turkington.

During 2021-22, the Committee met four times and also held a workshop on the Office's Risk Management Strategy. The attendance at each of these events is recorded below:

Members present	NIAO Audit and Risk Assurance Committee				
	4/05/21	17/06/21	21/9/21	18/10/21 Workshop	25/01/22
Noel Hyndman (Chairperson)	✓	✓	✓	✓	✓
John Turkington	✓	✗	✓	✓	✓
Marie Mallon OBE	✓	✓	✓	✓	✓
Martin Pitt (by invitation)	✓	✓	✓	✓	✓

The meetings were attended by Kieran Donnelly, Rodney Allen and other NIAO staff.

ARAC remains independent of all NIAO operational activities; under its [terms of reference](#) it will meet at least four times a year. The Chairperson of the Committee may convene additional meetings, as deemed necessary. It may request the attendance of officials of the Office to assist with its discussions on any particular matter.

On behalf of ARAC, the Chairperson provides me with an annual report summarising the Committee's work for the year. ARAC is satisfied that it has fulfilled its duties as guided by its Terms of Reference, and taking account of the work of internal and external audit and assurances provided to the Committee, every effort was made to review and oversee internal control and risk management arrangements and to provide assurances to me, as Accounting Officer, in the discharge of my accountability obligations.

Based on its work for the year, ARAC has provided me with constructive feedback on what it views to be the risks, challenges and opportunities for the NIAO, as well as an indication of its intended areas of focus in 2022-23.

### Remuneration Committee

The Remuneration Committee met twice in 2021-22. It comprises all non-executive Board members of the NIAO and supports the Board in advising me on issues including terms & conditions of employment, job descriptions, pay settlements and succession planning. It may also advise on issues relating to structural change exercises such as organisational development, job evaluation and role reviews. Attendance at the meetings were as follows:

Members present	Remuneration Committee	
	01/09/21	21/02/22
Marie Mallon OBE (Chairperson)	√	√
Noel Hyndman	√	√
John Turkington	√	√
Martin Pitt	√	√

Both meetings were attended by Rodney Allen and other NIAO staff.

### Senior Management Team

The Senior Management Team comprises myself, as Chair, the Chief Operating Officer and six Directors.

The Senior Management Team meets monthly and is responsible for the strategic and operational leadership of the Office. Subject to my statutory position as a corporation sole and head of the NIAO, the team is the principal mechanism for directing business and decision making in the Office. In alignment with the Corporate governance in central government departments: Code of good practice NI 2013, the business of the team covered the five key areas of strategic clarity, commercial sense, talented people, results focus and management information.

The Senior Management Team, which met 11 times during the year, covered normal scheduled business. There was over 86 per cent attendance of members at all meetings.

Relevant non-members are invited to attend these meetings. Over the course of the year, attendance took place in relation to items such as office accommodation, office finances, risk management, developments in the Office's branding strategy, progress in Investors in People (IIP), data analytics, recruitment and the Business Transformation Programme (BTP).

During the year the BTP Phase 2 continued to progress under the five key pillars of Communication and Engagement; Digitalisation; People; Governance and Audit Practice; and the Working Environment, under which 12 work streams were identified. Progress against Project Initiation Documents was closely monitored and regular progress reports were prepared and presented to senior management, the Advisory Board and staff.

In the reporting year, we continued to progress the financial audit analytics aspect of the Small Business Research Initiative (SBRI) project, a scheme managed by the Department for the Economy (DfE). Initiated in 2018-19, we had recognised that we had access to a wide range

of data from financial management systems, as well as open data, but we lacked the technology to use this data to its full potential. At the outset we had received funding from GovTech Catalyst, to pursue the project across both value for money and financial audit analytics; however, this funding was withdrawn in 2020-21 following the onset of the COVID-19 pandemic, as GovTech did not consider that the project was achievable within the set timescales.

As we still felt that there was merit in progressing the financial audit analytics aspect of the project, we successfully applied to the local SBRI fund to secure £500,000 funding to proceed with Phase 2. Two suppliers were subsequently appointed who submitted their proposed solutions in March 2022. However, following a review of the submissions, it was agreed that, while valuable work had been completed by the two suppliers, neither prototype was market ready. It was therefore decided that we could not proceed to procurement at this juncture.

Although the project has not produced a market ready product, the investment has produced a number of highly desirable outputs, including: a significant transfer of skills to our data analytics team; enhanced collaboration with other audit agencies in the development of data analytics tools; and potentially, the private sector suppliers undertaking further work to bring their products to market.

### Risk management and control

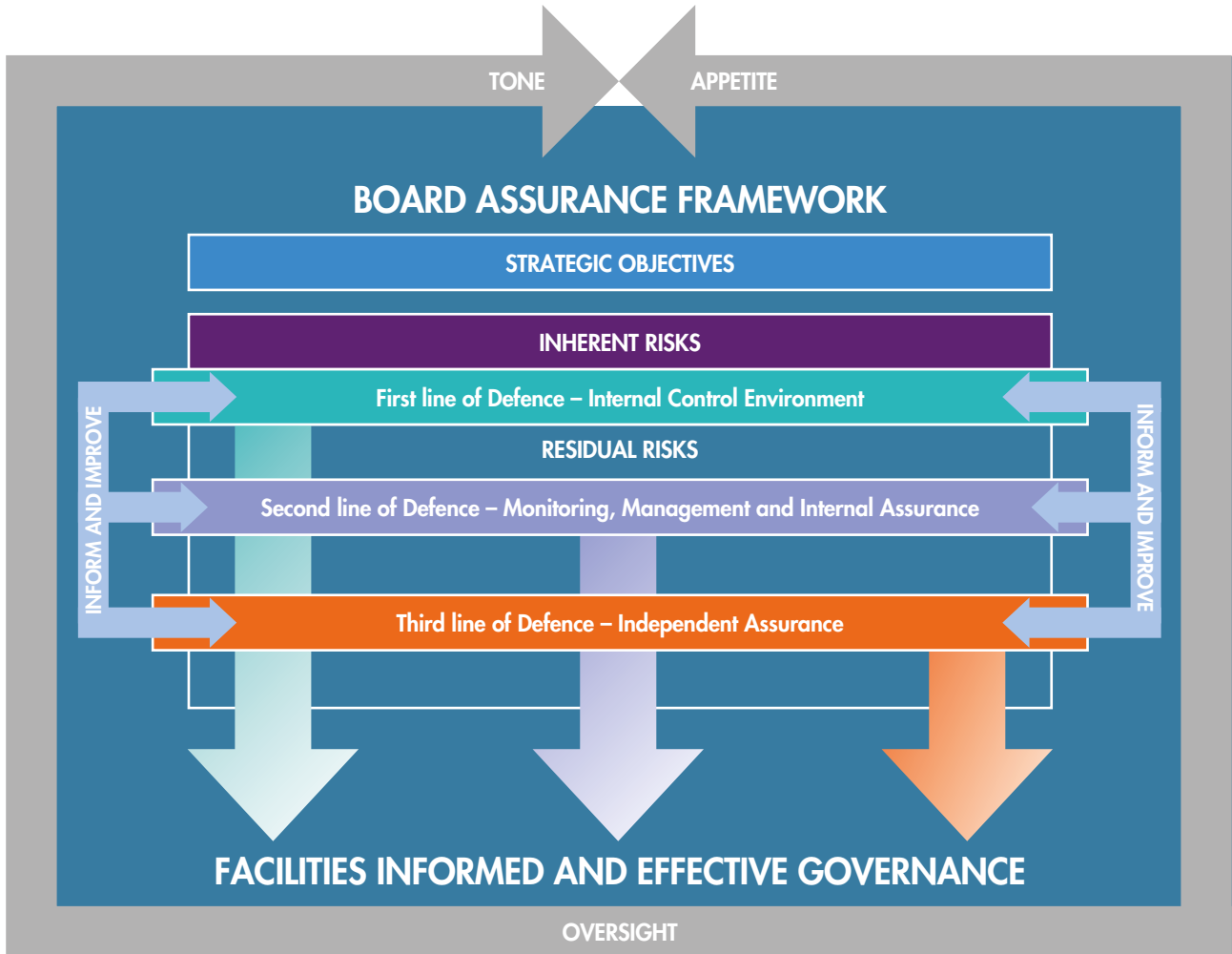
Our approach to risk management is guided by professional best practice, and takes full cognisance of the context and environment in which we operate. I have reviewed the risk management process in place during the year and can confirm that it complies with all the principles included within the revised Orange Book: Management of Risk – Principles and Concepts (2020).

Because of our public profile and the very nature of our work, we must uphold the highest standards in our own operations, and be able to stand the test of independent scrutiny and retain our credibility and reputation with the Assembly, audited bodies and other stakeholders. At the same time, we must ensure that we promote and secure value for money in our use of public funds.

We focus on proportionate risk management as an integral part of the way we undertake business activities. Risk is managed in a structured way, taking on board the combination of the likelihood of something happening and the impact which arises if it does actually happen, to assess the inherent risk. We then set out the actions, if any, we take to constrain the risk to an acceptable level in accordance with our risk appetite. I am responsible for determining the risk appetite of the Office, which I review on an ongoing basis. To this end, I have agreed a definition for the appetite of each risk in consultation with both the Senior Management Team and ARAC.

The risk that remains, taking on board these actions, is our residual risk. In applying these principles, we are accurately assessing the relative significance and prioritisation of each risk. We have a comprehensive risk management strategy which sets out roles and responsibilities and determines procedures for risk identification, monitoring, reporting and escalation of issues.

As in previous years, we have continued to manage risk through an assurance framework which I consider to be proportionate to the size and the complexity of our business. This is best illustrated in the diagram below.



During 2021-22, Risk Management was a standing agenda item at all meetings of the SMT and ARAC. The Corporate Risk Register Working Group (the Working Group), which is responsible for directly briefing the SMT and, by extension, ARAC on risk management developments, met eight times in 2021-22. The timing of its meetings ensured that all requirements of the SMT and ARAC were addressed on a timely basis.

The corporate risk register aligns to our current Corporate Plan 2021-24, and during 2021-22 we identified three key areas of risk: supporting and promoting public sector accountability and improvement; valuing our people and managing resources; and transforming our business (external and internal).

I am content that the risk management process is appropriate, risks identified are relevant and have been managed during the year.

## Quality

We apply the International Standard on Quality Control (ISQC 1) and are in the process of preparing for the implementation of the Financial Reporting Council's new quality standard, International Standard on Quality Management (ISQM 1), in December 2022.

We have well established arrangements in place for monitoring our quality control procedures. We undertake an annual quality review process to ensure that our audits have complied with our audit methodology and professional auditing standards. During the reporting period, three accounts were subject to independent external review by the Institute of Chartered Accountants in England and Wales (ICAEW). This is the second year ICAEW have reviewed our audits. Each of the three audits was rated 'generally acceptable' and ICAEW also noted an area of good practice on an audit file. ICAEW provided a quality control review briefing to all staff to communicate the results of the reviews.

In order to address issues identified, areas for improvement have been communicated to all audit staff. Managers have been tasked with holding meetings with staff to discuss in detail the key findings and guidance and how this can be applied to individual audits.

The Technical Team continues to oversee how we ensure quality requirements for our audits are met. This includes review of: our quality management policies; our independence, competence and capabilities arrangements and assessments; our acceptance and continuance procedures; and our engagement performance. As part of this process, the team updated and re-released our 'Quality Control in the Northern Ireland Audit Office' guidance document, to reflect changes to designations of key roles, include revised arrangements for external quality control review of financial audits and clarify the process for resolving differences of opinion on technical accounting and auditing matters. Quality control review arrangements for NIAO contracted out engagements have also been revised to update selection criteria and to clarify when technical unit consultation must be undertaken for significant differences of opinion on matters of audit judgement.

We also subject our value for money reports to independent review by a panel of experts who provide a rating for each report. We aim to ensure that our value for money reports maintain an average quality review score of at least six out of ten. The reports reviewed in 2021-22 achieved an average score of 7.7 (2020-21: 7.4).

## Other areas of focus

### Statement of information risk

We have privileged and wide-ranging access to data and information to support the discharge of my statutory audit functions and ensure my reports to the Assembly are factual, accurate and complete. We have a duty to respect this privileged access and to ensure that the personal information entrusted to us is safeguarded properly.

We have policies and controls in place to ensure that access to information is correctly managed and safeguarded throughout its life cycle, including creation, storage, transmission and destruction. Staff are made aware of these policies and controls, and awareness is reinforced through information security training.

My Office is cognisant of the General Data Protection Regulation (GDPR) and the enabling legislation (Data Protection Act 2018) and has established an effective compliance framework. As a result, I:

- have staff trained through e-learning;
- conduct annual reviews of the Office's auditing software to ensure that no excessive personal data is retained following audit completion;
- maintain an information assets register; and
- have an up-to-date Data Protection Policy in place.

Information risk is covered by the normal risk management arrangements. I am responsible for ensuring information risks are assessed and mitigated to an acceptable level and am supported in this role by the Senior Information Risk Owner, a member of the Senior Management Team, and various staff members with security responsibilities.

### Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control.

My review is informed by the work of the Internal Auditor and the executives within the NIAO who have responsibility for the development and maintenance of the internal control framework, comments made by the External Auditor in their management letter and other reports, and issues raised by ARAC.

Key risks which could affect the achievement of the Office's objectives are managed actively under the risk management arrangements described above, with progress reported regularly to ARAC.

Internal Audit provides an independent opinion on the adequacy and effectiveness of the Office's system of internal control, corporate governance and risk management. It reviewed a number of areas during 2021-22 including:

- Accommodation Project Governance;
- Staff Welfare/Remote Working;
- Training and Development; and
- Key Financial Controls and Payroll.

All areas received a satisfactory rating, and all recommendations for improvement have been accepted by management and implemented, or are in the process of being implemented.

Based upon the reviews performed during the year, Internal Audit has provided a conclusion as to the adequacy and effectiveness (or inadequacy and ineffectiveness) of the Office's risk management, control and governance processes. Overall, there is a satisfactory system of governance, risk management and control. While there may be some residual risk identified, this should not significantly impact on the achievement of system objectives.

### Significant internal control weaknesses

I am able to report that there were no significant weaknesses in the NIAO's system of internal control in 2021-22 which affected the achievement of the Office's key policies, aims and objectives.



**Kieran Donnelly CB**  
**Comptroller and Auditor General for Northern Ireland**

**24 June 2022**

## REMUNERATION AND STAFF REPORT

### Remuneration Report

#### Remuneration Policy

#### Comptroller and Auditor General

Under the provisions of the Northern Ireland Act 1998, the office of the C&AG for Northern Ireland is a Crown appointment made on the nomination of the Northern Ireland Assembly. The C&AG for Northern Ireland retains office unless removed by a resolution of the Northern Ireland Assembly supported by at least two thirds of members. The Audit (Northern Ireland) Order 1987 provides for the remuneration of the C&AG for Northern Ireland to be met from the Consolidated Fund for Northern Ireland, rather than the NIAO's Estimate. The remuneration and associated pension and national insurance contributions are disclosed in Note 4 to the Accounts on page 100 as Consolidated Fund Standing Services.

#### Senior Management

The Audit (Northern Ireland) Order 1987 provides that the C&AG shall appoint such staff as he considers necessary for assisting him in the discharge of his functions and for the purpose of Article 4 of the Local Government (Northern Ireland) Order 2005 as amended (designation of a member of staff as the Local Government Auditor).

The Audit (Northern Ireland) Order 1987 further provides that these staff shall be appointed at such remuneration and on such other terms and conditions as the C&AG shall determine subject to him having regard to the desirability of keeping the remuneration and terms and conditions broadly in line with those applying to the persons employed in the National Audit Office and in the Northern Ireland Civil Service.

Staff appointments are normally open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme (Northern Ireland).

Appointments to senior management are made by the C&AG on the basis of fair and open competition. When holding competitions and making appointments, the C&AG takes into account the Northern Ireland Civil Service policies and procedures in this area.

Pay progression for all staff, including senior management, solely relates to an incremental pay scale step, where appropriate. The pay award involves a minimum percentage uplift in gross terms which is awarded to staff.



## Remuneration and Pension Entitlements

The following sections provide details of the remuneration and pension interests of the NIAO SMT. The information on pages 63 to 70 is covered by the audit opinion.

### Remuneration (including salary) and pension entitlements (Audited)

Single total figure of remuneration								
Name and Title	Salary (£'000)		Benefits in kind (to nearest £100)		Pension Benefits* (to nearest £1000)		Total (£'000)	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
<b>Kieran Donnelly</b> C&AG**	185-190	140-45	–	–	–	–	185-190	140-145
<b>Rodney Allen</b> COO	105-110	85-90	–	–	184	54	290-295	135-140
<b>Patrick Barr</b> Director	75-80	75-80	–	–	31	55	105-110	125-130
<b>Neil Gray</b> Director	85-90	85-90	–	–	35	35	120-125	120-125
<b>Colette Kane</b> Director / LGA	95-100	85-90	–	–	62	40	155-160	125-130
<b>Brian O'Neill</b> Director (from 1 June 2021)	75-80	–	–	–	50	–	125-130	–
<b>Suzanne Walsh</b> Director	75-80	75-80	–	–	29	54	105-110	125-130
<b>Tomas Wilkinson</b> Director	85-90	85-90	–	–	28	40	115-120	125-130

\* The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation and any increase or decrease due to a transfer of pension rights.

\*\* The C&AG's salary for 2021-22 included a one-off, retrospective pay award covering the period from 2017 to 2022, legislated for by the Northern Ireland Assembly in March 2022.

### Salary

'Salary' includes gross salary and any allowance to the extent that it is subject to UK taxation.

### Bonus payments

'Bonus payments' are not made to our staff.

### Benefits in kind

The monetary value of 'benefits in kind' cover any benefits provided by the Office and treated by HM Revenue and Customs as a taxable emolument. No such benefits were provided during 2021-22.

## Fair Pay Disclosures (Audited)

### Pay Ratios

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid member of the SMT in their organisation and the lower quartile, median and upper quartile remuneration of the organisation's workforce.

The banded remuneration of the highest paid director in the NIAO in the financial year 2021-22 was £185,000 - £190,000 (2020-21, £140,000 - £145,000). The relationship between the mid-point of this band and the remuneration of the Office's workforce is disclosed below.

2021-22	25th Percentile	Median	75th Percentile
Total Remuneration (£)	£32,004	£39,944	£49,520
Pay Ratio	5.9:1	4.7:1	3.8:1

2020-21	25th Percentile	Median	75th Percentile
Total Remuneration (£)	–	£36,342	–
Pay Ratio	–	3.9:1	–

The 2021-22 financial year is the first year disclosures in respect of the 25th percentile pay ratio and 75th percentile pay ratio are required and the 2021-22 Financial Reporting Manual does not require comparative figures to be disclosed for 2020-21.

Total remuneration includes salary, non-consolidated performance-related pay, and benefits-in-kind. It does not include severance payments, employer pension contributions or the cash equivalent transfer value of pensions.

For 2021-22, the 25th percentile, median and 75th percentile remuneration values consisted solely of salary payments.

In 2021-22, 0 (2020-21, 0) employees received remuneration in excess of the highest paid member of the SMT.

Remuneration ranged from £4,125 to £189,403 (2020-21, £4,250 to £141,322).

The C&AG was the highest paid member of the SMT in the NIAO during 2021-22. His salary was in the range £185,000 to £190,000 (2020-21; £140,000 to £145,000). This was 4.7 times (2020-21; 3.9) the median remuneration of the workforce, which was £39,944 (2020-21; £36,342). The C&AG's salary was 31.6 per cent higher than the prior year. The C&AG's salary for 2021-22 included a one-off, retrospective pay award covering the period from 2017 to 2022. Legislated for by the Northern Ireland Assembly in March 2022.

## Percentage Change in Remuneration

Reporting bodies are also required to disclose the percentage change from the previous financial year in the:

- a) salary and allowances; and
- b) performance pay and bonuses

of the highest paid member of the SMT and their employees as a whole.

The percentage changes in respect of the NIAO are shown in the following table. It should be noted that the calculation for the highest paid member of the SMT is based on the mid-point of the band within which their remuneration fell in each year.

Percentage Change for:	2021-22 v 2020-21*
Average Employee Total Remuneration	(2.2%)
Highest Paid Director's Total Remuneration	31.6%

\* No performance pay or bonuses were payable to the highest paid individual in these years.

The percentage reduction in the average employee remuneration is primarily due to an increase in staff appointments during 2021-22, whose starting salary would be at the minimum of the scale appropriate to their grade.

## Non-Executive Members

During 2021-22, the following remuneration was payable to non-executives in undertaking their NIAO Advisory Board and ARAC duties:

	Date of Contract	Length of contract (years)	2021-22 Salary £'000	2020-21 Salary £'000
Martin Pitt	01-12-21	3	10-12.5	10-12.5
Marie Mallon OBE	01-04-22	3	7.5-10	5-7.5
John Turkington	01-04-22	3	5-7.5	2.5-5
Noel Hyndman *	01-04-19	3	2.5-5	2.5-5

\* Noel Hyndman ceased to be a member of the NIAO Advisory Board and ARAC at the end of his contract on 31 March 2022. In June 2022 Terry McGonigal was appointed for a period of three years, up to July 2025.

## Pension Benefits - Officials (Audited)

Name and Title	Accrued pension at pension age as at 31/3/22 and related lump sum	Real increase in pension and related lump sum at pension age	CETV* at 31 March 2022	CETV* at 31 March 2021	Real increase in CETV*
Official	£'000	£'000	£'000	£'000	£'000
<b>Kieran Donnelly**</b> C&AG	–	–	–	–	–
<b>Rodney Allen</b> COO	55-60 plus lump sum of 120-125	7.5-10 plus lump sum of 17.5-20	1,017	818	150
<b>Patrick Barr</b> Director	15-20 plus lump sum of 0	0-2.5 plus lump sum of 0	185	161	14
<b>Neil Gray</b> Director	25-30 plus lump sum of 0	0-2.5 plus lump sum of 0	418	378	24
<b>Colette Kane</b> Director / LGA	35-40 plus lump sum of 75-80	2.5-5 plus lump sum of 2.5-5	732	647	47
<b>Brian O'Neill</b> Director (from 1st June 2021)	20-25 plus lump sum of 35-40	2.5-5 plus lump sum of 2.5-5	382	328	34
<b>Suzanne Walsh</b> Director	15-20 plus lump sum of 0	0-2.5 plus lump sum of 0	168	147	11
<b>Tomas Wilkinson</b> Director	25-30 plus lump sum of 45-50	0-2.5 plus lump sum of 0	472	434	12

\* CETV = Cash Equivalent Transfer Values.

\*\* The C&AG has chosen to no longer be covered by the Northern Ireland Civil Service pension scheme.

## Pension Arrangements

The Audit (Northern Ireland) Order 1987 provides for pensionable service by the C&AG for Northern Ireland to be covered by the Northern Ireland Principal Civil Service Pension Scheme (PCSPS (NI)) which is non-contributory and unfunded. The Order also provides for defined pension benefits to be met from the Consolidated Fund for Northern Ireland and no liability rests with the NIAO.

Pension benefits are provided through the Northern Ireland Civil Service pension schemes which are administered by Civil Service Pensions (CSP).

The alpha pension scheme was initially introduced for new entrants from 1 April 2015. The alpha scheme and all previous scheme arrangements are unfunded with the cost of benefits met by monies voted each year. The majority of members of the classic, premium, classic plus and nuvos pension arrangements (collectively known as the Principal Civil Service Pension Scheme (Northern Ireland) [PCSPS (NI)]) also moved to alpha from that date. At that time, members who on 1 April 2012 were within 10 years of their normal pension age did not move to alpha (full protection) and those who were within 13.5 years and 10 years of their normal pension age were given a choice between moving to alpha on 1 April 2015 or at a later date determined by their age (tapered protection).

In 2018, the Court of Appeal found that the protections put in place back in 2015 that allowed older workers to remain in their original scheme, were discriminatory on the basis of age. As a result, the discrimination identified by the Courts in the way that the 2015 pension reforms were introduced must be removed by the Department of Finance. It is expected that, in due course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period. The different pension benefits relate to the alternative schemes e.g. legacy PCSPS (NI) 'Classic', 'Premium' or 'Nuvos' (legacy scheme) or alpha. Scheme regulations made in March 2022, closed the PCSPS(NI) to future accrual from 31 March 2022, and all remaining active PCSPS(NI) members (including partially retired members in active service) moved to 'alpha' from 1 April 2022. This completes Phase 1 to remedy the discrimination identified by the Courts. Any pension benefits built up in the legacy scheme prior to this date are unaffected and PCSPS (NI) benefits remain payable in accordance with the relevant scheme rules. Phase 2 will see the implementation of the Deferred Choice Underpin. That is, giving eligible members a choice between legacy scheme and alpha scheme benefits for service between 1 April 2015 and 31 March 2022. At this stage, allowance has not yet been made within CETVs for this remedy. Further information on the remedy will be included in the NICS pension scheme accounts which are available [on the Department on Finance website](#).

Alpha is a 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current accrual rate is 2.32%.

Currently, new entrants joining can choose between membership of alpha or joining a 'money purchase' stakeholder arrangement with a significant employer contribution (Partnership Pension Account).

New entrants joining on or after 30 July 2007 were eligible for membership of the legacy PCSPS (NI) Nuvos arrangement or they could have opted for a Partnership Pension Account. Nuvos is also a CARE arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current accrual rate is 2.3 per cent.

Staff in post prior to 30 July 2007 may be in one of three statutory based 'final salary' defined benefit arrangements (Classic, Premium and Classic Plus). Since April 2011, pensions payable under classic, premium, and classic plus have been reviewed annually in line with changes in the cost of living. New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of Premium or joining the Partnership Pension Account.

Benefits in Classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For Premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike Classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic Plus is essentially a variation of Premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per Classic.

The Partnership Pension Account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8 per cent and 14.75 per cent (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3 per cent of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5 per cent of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

Active members of the pension scheme will receive an Annual Benefit Statement. The accrued pension quoted is the pension the member is entitled to receive when they reach their scheme pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. The normal scheme pension age in alpha is linked to the member's State Pension Age but cannot be before age 65. The Scheme Pension age is 60 for any pension accrued in the legacy Classic, Premium, and Classic Plus arrangements and 65 for any benefits accrued in Nuvos. Further details about the NICS pension schemes can be found [on the Department on Finance website](#).

All pension benefits are reviewed annually in line with changes in the cost of living. Any applicable increases are applied from April and are determined by the Consumer Prices Index (CPI) figure for the preceding September. The CPI in September 2021 was 3.1 per cent and HM Treasury has announced that public service pensions will be increased accordingly from April 2022.

Employee contribution rates for all members for the period covering 1 April 2022– 31 March 2023 are as follows:

## Scheme Year 1 April 2022 to 31 March 2023

Annualised Rate of Pensionable Earnings (Salary Bands)		Contribution rates – All members
From	To	From 01 April 2022 to 31 March 2023
£0	£24,449.99	4.6%
£24,450.00	£56,399.99	5.45%
£56,400.00	£153,299.99	7.35%
£153,300.00 and above		8.05%

### Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NICS pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2015 and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation or contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement), and uses common market valuation factors for the start and end of the period. However, the real increase calculation uses common actuarial factors at the start and end of the period so that it disregards the effect of any changes in factors and focuses only on the increase that is funded by the employer.

### Compensation for loss of office (Audited)

No members of senior management lost office in 2021-22.

## Staff Report

### Staff Costs (Audited)

Staff costs comprise:

	2021-22 £'000			2020-21 £'000
	Permanently employed staff	Others	Total	Total
Wages and Salaries	5,009	-	5,009	4,892
Social Security Costs	539	-	539	522
Other Pension Costs	1,587	-	1,587	1,528
<b>Total net costs</b>	<b>7,135</b>	<b>-</b>	<b>7,135</b>	<b>6,942</b>

The salary and other costs of the C&AG are not included within the above cost as his remuneration is met directly from the Consolidated Fund for Northern Ireland.

The Northern Ireland Civil Service main pension schemes are unfunded multi-employer defined benefit schemes but the NIAO is unable to identify its share of the underlying assets and liabilities.

The Public Service Pensions Act (NI) 2014 provides the legal framework for regular actuarial valuations of the public service pension schemes to measure the costs of the benefits being provided. These valuations inform the future contribution rates to be paid into the schemes by employers every four years following the scheme valuation. The Act also provides for the establishment of an employer cost cap mechanism to ensure that the costs of the pension schemes remain sustainable in future.

The Government Actuary's Department (GAD) is responsible for carrying out scheme valuations. The Actuary reviews employer contributions every four years following the scheme valuation. The 2016 scheme valuation was completed by GAD in March 2019. The outcome of this valuation was used to set the level of contributions for employers from 1 April 2019 to 31 March 2023.

The 2016 Scheme Valuation requires adjustment as a result of the 'McCloud remedy'. The Department of Finance also commissioned a consultation in relation to the Cost Cap element of Scheme Valuations which closed on 25 June 2021. The Cost Cap Mechanism (CCM) is a measure of scheme costs and determines whether member costs or scheme benefits require adjustment to maintain costs within a set corridor. By taking into account the increased value of public service pensions, as a result of the 'McCloud remedy', scheme cost control valuation



outcomes will show greater costs than otherwise would have been expected. Following completion of the consultation process the 2016 Valuation has been completed and the final cost cap determined. Further information can be found [on the Department of Finance website](#).

A case for approval of a Legislative Consent Motion (LCM) was laid in the Assembly to extend the Public Service Pensions and Judicial Offices Bill (PSP&JO) to Northern Ireland. Under the LCM agreed by the NI Assembly on 1 November 2021 provisions are included in the Act for devolved schemes in NI. A second LCM was laid in the Assembly to implement the CCM changes in the Westminster Bill for devolved schemes. The second LCM, as agreed by the Assembly on 31 January 2022, ensured the reformed only scheme design and the economic check will now be applied to the 2020 scheme valuations for the devolved public sector pension schemes, including the NICS pension scheme. The PSP&JO Act received Royal Assent on 10 March 2022. The UK Act legislates how the government will remove the discrimination identified in the McCloud judgment. The Act also includes provisions that employees will not experience any detriment if the adjusted valuation costs breach the set cost cap ceiling but any breaches of the cost cap floor (positive employee impacts) in the completed valuations will be honoured.

For 2021-22, employers' contributions of £1,586,960.30 were payable to the NICS pension arrangements (2020-21; £1,528,237.22) at one of three rates in the range 28.7 per cent to 34.2 per cent of pensionable pay, based on salary bands.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £NIL (2020-21; £NIL) were paid to one or more of the panel of two appointed stakeholder pension providers. Employer contributions are age-related and range from 8 per cent to 14.75 per cent (2020-21; 8 per cent to 14.75 per cent) of pensionable pay.

The partnership pension account offers the member the opportunity of having a 'free' pension. The employer will pay the age-related contribution and if the member does contribute, the employer will pay an additional amount to match member contributions up to 3 per cent of pensionable earnings.

Employer contributions of £NIL, 0.5 per cent (2020-21; £NIL, 0.5 per cent) of pensionable pay, were payable to the NICS Pension schemes to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. Contributions due to the partnership pension providers at the reporting period date were £NIL. Contributions prepaid at that date were £NIL.

No persons (2020-2021: 0 persons) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £NIL (2020-2021; £NIL).

### Average number of persons employed (Audited)

The average number of full-time equivalent persons employed during the year was as follows.

2021-22			2020-21*
Permanent Staff	Others	Total	Total (adjusted)
113	–	113	110

\* The average number of full-time equivalent persons employed, disclosed in the prior year note, was incorrectly stated as 111. The correct figure is 110.

### Reporting of Civil Service and other compensation schemes - exit packages (Audited)

There were no compulsory redundancies in 2021-22 (2020-21; nil). There were no other compensation schemes in 2021-22.

There were 115 full time equivalent staff at 31 March 2022 (2020-21:114).

	Male	Female
Senior Management Team	5	2
Other Staff	46	62
<b>Total</b>	<b>50</b>	<b>65</b>

### Sickness absence

We have a comprehensive attendance management policy, providing advice and information to staff on matters relating to sickness absence, and setting out the procedures to be followed in reporting and monitoring attendance in the Office. We closely monitor sickness absence figures and it has been a standing item on the agenda of Senior Management Team meetings. The figures for the past three years are:

Year	Average days' sickness absence per employee	% Absence
2019-20	8.3	3.18
2020-21	5.0	1.95
2021-22	11.4	4.5

Our target of six days was not achieved. This is an increase from the previous year which saw a reduction in our absence rates when employees first transitioned to home working. Covid is the top reason for short term absence accounting for 46.3% of short term absence days. In total Covid accounted for 20.5% or one fifth of all absence at NIAO for the reporting period. There has been a sharp spike in absence figure in Q3 and Q4 of the current reporting period. Unavoidable absences due to sickness and injury will of course occur and we are committed to supporting the health of our staff. We provide a range of positive healthcare and fitness

initiatives. In dealing with individual absences, we act reasonably and fairly at all times, taking account of all the circumstances and engaging Occupational Health where appropriate. People manager absence training was completed by 25 line managers in March 2022.

### Staff engagement & Wellbeing

We conducted an Employee Survey during 2019 and again in 2020 and the actions have been implemented throughout the reporting period. A further survey is planned for 2022.

In the wake of the Covid pandemic and the NIAO's rapid shift to home working in response to official guidance, staff engagement was facilitated through a regular 'Pulse Survey', which was first utilised in May 2020. The survey provided insight into staff member's experiences and responses to the pandemic and new working arrangements, also giving staff members an opportunity to share concerns and make suggestions to help inform and guide the organisation's response. Five Pulse surveys were conducted throughout the reporting period and by 31 March 2022, a total of 20 Pulse Surveys had been issued since the start of the pandemic.

During the reporting period a Wellbeing Committee was established at NIAO. Terms of reference were agreed and a Wellbeing Strategy was created in the form of the Wellbeing Principles. The Wellbeing Committee took part in the Work Well Live Well programme (WWLW) funded by the Public Health Agency (PHA) and a wellbeing survey was rolled out in October 2021. The completion rate was 63 participants or just over 50% of staff. 5 employees received training to become Wellbeing Champions and one employee trained as a Mental Health First Aider. The Wellbeing Champions have created a three-year action plan for wellbeing activities. Flu vaccinations were offered to all staff and 56 employees availed. Health checks were offered to staff and 69 employees availed. The NIAO Wellhub (wellbeing intranet) was introduced and a gardening club and crafters corner group were employee led initiatives. Wellbeing days were hosted during which mental health awareness and resilience training was delivered by Action Mental Health. Mindful manager training was offered to line managers twice during the reporting periods and 26 attended.

### Staff equality policies

We are fully committed to the effective promotion of equality of opportunity in all our employment policies and procedures. This includes ensuring that all applications for employment are considered fairly and consistently, on the basis of merit. We strive to create an environment where all our staff are valued and encouraged to develop to their full potential. We recognise that the provision of equality of opportunity in the workplace is not only good management practice, it also makes sound business sense. Our policies will help all employees to develop to their full potential, and the talents and resources of the workforce will be fully utilised to maximise the efficiency of our Office.

Mandatory online diversity training was rolled out for all staff in December 2021.

The Equality scheme for the period 2021-2026 was updated and published on our website in December 2021. The Disability Action Plan for the period 2021-2026 was revised and following a period of consultation was published in March 2022. We will continue to consult as widely as possible to ensure that any organisation or group which has a legitimate, particular interest in our work and/or our policies will be included in the process of engagement.

### Consultancy

In 2021-22, we paid £8,000 (2020-21: £14,000) to external consultants. This amount is included in Professional Services Bought In which is disclosed in Note 4 to the Financial Statements.

### Staff Turnover Percentage

The staff turnover percentage, as defined as the number of leavers divided by the average staff in post, was 9.04 per cent for the year ended 31 March 2022.

### Temporary staff

In 2021-22, we paid £nil (2020-21: £NIL) for temporary staff.

### 'Off-Payroll' Engagements

Off-payroll engagements are those where individuals, either self-employed or acting through a personal service company, are paid gross by the employer. In line with HM Treasury requirements, DoF requires disclosure of such engagements that were in place during 2021-22. We had no off-payroll engagements in place at any time during 2021-22.

### Investors in People (IIP)

A new People Strategy was agreed in September 2020 which underpinned NIAO's development in the immediate years ahead. One key action identified was a goal to explore and secure Investors in People (IIP) accreditation. The IIP Standard is a business improvement tool designed to advance an organisation's performance through its employees. It helps organisations to improve performance and realise objectives through the management and development of their people. Standard Accreditation was awarded in April 2021 following a full and thorough survey of our staff, as well as the IIP review of policies, procedures and practice at the NIAO. This accreditation provides NIAO with a framework for ongoing improvement and further actions directly related to the findings of the IIP feedback were added to NIAO's People Strategy Roadmap in 2021. The 12 month review was completed by the IIP consultant in March 2022 who noted there had been good progress made against the People strategy roadmap and a report was produced highlighting achievements in the preceding year and identifying priority areas for the coming year. This was shared with all staff in March 2022 to ensure transparency.

### Real Living Wage

The NIAO became an accredited Real Living Wage employer in April 2020. Those employees most impacted are our Higher Level Apprentices who achieve maximum benefit as they fall primarily into the under 23 age bracket. We believe that paying a fair wage assists us in providing a fair wage for all our employees and helps to achieve our ambition towards becoming an employer of choice.

## ASSEMBLY ACCOUNTABILITY AND AUDIT REPORT

### Statement of Outturn against Assembly Supply (Audited)

In addition to the primary statements prepared under International Financial Reporting Standards (IFRS), the Government Financial Reporting Manual (FReM) requires the NIAO to prepare a Statement of Outturn against Assembly Supply (SOAS) and supporting notes.

The SOAS and related notes are subject to audit, as detailed in the Certificate and Report of Baker Tilly Mooney Moore to the Northern Ireland Assembly.

The SOAS is a key accountability statement that shows, in detail, how an entity has spent against its Supply Estimate. Supply is the monetary provision (for resource and capital purposes) and cash (drawn primarily from the Consolidated Fund) that the Assembly gives statutory authority for entities to utilise. The Estimate details supply and is voted on by the Assembly at the start of the financial year and is then normally revised by a Supplementary Estimate at the end of the financial year. It is the final Estimate, normally the Spring Supplementary Estimate, which forms the basis of the SOAS.

Should an entity exceed the limits set by its Supply Estimate, called control limits, its accounts will receive a qualified opinion.

The format of the SOAS mirrors the Supply Estimates, to enable comparability between what the Assembly approves and the final outturn. The Supply Estimates are voted by the Assembly and published on [the DoF website](#).

The supporting notes detail the following: Outturn detail by Estimate line, providing a more detailed breakdown (note 1); a reconciliation of outturn to net operating expenditure in the Statement of Comprehensive Net Expenditure (SOCNE), to tie the SOAS to the financial statements (note 2); a reconciliation of net resource outturn to net cash requirement (note 3); an analysis of income payable to the Consolidated Fund (note 4); a reconciliation of income recorded within the Statement of Comprehensive Net Expenditure to operating income payable to the Consolidated Fund (note 5); and detail on non-operating income – excess Accruing Resources (note 6).

The SOAS and Estimates are compiled against the budgeting framework, which is similar to, but different from IFRS. An understanding of the budgeting framework and an explanation of key terms is provided on page 34, in the financial review section of the Performance Report. Further information on the Public Spending Framework and the reasons why budgeting rules are different to IFRS can also be found in chapter 1 of the Consolidated Budgeting Guidance, available on [www.gov.uk](http://www.gov.uk).

The SOAS provides a detailed view of financial performance, in a form that is voted on and recognised by the Assembly. The financial review, in the Performance Report, provides a summarised discussion of outturn against estimate, and functions as an introduction to the SOAS disclosures.

## Summary tables – mirror part II and III of the Estimates

Summary table, 2021-22

	Note	OUTTURN			ESTIMATE			2021-22 Net total outturn compared with Estimate: saving/ (excess) £'000	2020-21 OUTTURN £'000
		Gross Expenditure £'000	Accruing Resources £'000	Net Total £'000	Gross Expenditure £'000	Accruing Resources £'000	Net Total £'000		
Request for Resource A*	SOAS1	10,325	2,730	7,595	10,570	2,730	7,840	245	7,327
<b>Total resources</b>	SOAS2	<b>10,325</b>	<b>2,730</b>	<b>7,595</b>	<b>10,570</b>	<b>2,730</b>	<b>7,840</b>	<b>245</b>	<b>7,327</b>
Non- Operating Accruing Resources		-	-	-	-	-	-	-	-

\* Request for Resource A: Providing audit and other assurance services and promoting economy, efficiency and effectiveness in the use of public funds and resources.

### Net Cash Requirement 2021-22

	Note	2021-22 £'000			2020-21 £'000
		Outturn	Estimate	Net Total outturn compared with Estimate: saving/(excess)	Outturn
<b>Net Cash Requirement</b>	SOAS3	10,045	12,560	2,515	7,442

## Summary of income payable to the Consolidated Fund

In addition to accruing resources, the following income relates to the NIAO and is payable to the Consolidated Fund (*cash receipts being shown in italics*):

	Note	2021-22 £'000 Forecast		2021-22 £'000 Outturn	
		Income	<i>Receipts</i>	Income	<i>Receipts</i>
<b>Total</b>	SOAS4	-	-	113	-

Explanations of variances between the Estimate and outturn figures are given in Note SOAS1 and the Performance Report.

## Notes to the Statement of Outturn against Assembly Supply, 2021-22

This note mirrors Part II of the Estimates: (Revised) Subhead Detail and Resource to Cash Reconciliation.

### SOAS note 1. Outturn detail, by Estimate line

	2021-22 £'000								2020-21 £'000
	OUTTURN						ESTIMATE		Prior Year Outturn
	Admin	Other Current	Grants	Gross Resource Expenditure	Accruing Resources	Net Total	Net Total	Outturn vs Estimate, saving/ (excess)	
<b>Request for Resources A</b>									
Function A-1	-	10,075	250	10,325	2,730	7,595	7,840	245	7,327
<b>RESOURCE OUTTURN</b>	<b>-</b>	<b>10,075</b>	<b>250</b>	<b>10,325</b>	<b>2,730</b>	<b>7,595</b>	<b>7,840</b>	<b>245</b>	<b>7,327</b>

Savings arose from:

- lower general administration costs, with covid continuing to have an impact in the year.

### Key to Request for Resources and Functions

Request for Resources A: Providing audit and other assurance services and promoting economy, efficiency and effectiveness in the use of public funds and resources.

Function A-1: Audit and Assurance Services (Departmental Expenditure Limit).

### SOAS note 2. Reconciliation of outturn to net operating expenditure

	Note	2021-22 £'000			2020-21 £'000
		Outturn	Supply Estimate	Outturn compared with Estimate	Outturn
Net Resource Outturn	SOAS1	7,595	7,840	245	7,327
Non-supply income (CFERs)	SOAS5	(113)	–	113	–
Non-supply expenditure	4	214	260	46	160
<b>Net Operating Cost in Statement of Comprehensive Net Expenditure</b>	SOCNE	<b>7,696</b>	<b>8,100</b>	<b>404</b>	<b>7,487</b>

As noted in the introduction to the SOAS above, outturn and the estimates are compiled against the budgeting framework, which is similar to, but different from, IFRS. Therefore, this note reconciles the resource outturn to net operating expenditure, linking the SOAS to the financial statements.

### SOAS note 3. Reconciliation of Net Resource Outturn to Net Cash Requirement

This note mirrors Part II of the Estimates: Resource to Cash Reconciliation.

	Note	Outturn £'000	Estimate £'000	Net Total Outturn compared with Estimate: Saving/(Excess) £'000
<b>Net Resource Outturn</b>	SOAS1	7,595	7,840	245
<b>Capital</b>				
Acquisition of non-current assets	6,7	3,107	4,850	1,743
<b>Accruals to cash adjustments:</b>				
<i>Adjustments to remove non-cash items:</i>				
Depreciation	4	(127)	(130)	(3)
Changes in working capital other than cash		(530)	–	530
<b>Net Cash Requirement</b>		<b>10,045</b>	<b>12,560</b>	<b>2,515</b>

As noted in the introduction to the SOAS above, outturn and the estimates are compiled against the budgeting framework, not on a cash basis. This reconciles the resource outturn to the net cash requirement.



#### SOAS note 4. Analysis of Income payable to the Consolidated Fund

This note mirrors Part III of the Estimates: Extra Receipts Payable to the Consolidated Fund.

In addition to Accruing Resources, the following income relates to the Office and is payable to the Consolidated Fund (*cash receipts being shown in italics*).

	2021-22 Forecast £'000		2020-21 Outturn £'000	
	Income	<i>Receipts</i>	Income	<i>Receipts</i>
Operating income and receipts - excess Accruing Resources	–	–	113	–
Other operating income and receipts not classified as Accruing Resources	–	–	–	–
<b>Total income payable to the Consolidated Fund</b>	<b>–</b>	<b>–</b>	<b>113</b>	<b>–</b>

#### SOAS note 5. Reconciliation of Income recorded within the Statement of Comprehensive Net Expenditure to Operating Income payable to the Consolidated Fund

	Note	2021-22 £'000	2020-21 £'000
Operating Income	5	2,843	2,641
Income authorised to be used as Accruing Resources		2,730	2,641
<b>Operating income payable to the Consolidated Fund</b>	SOAS4	<b>113</b>	<b>–</b>

#### SOAS note 6. Non-operating income - Excess Accruing Resources

The NIAO did not have any non-operating excess accruing resources in 2021-22 (2020-21: 0).

## Other Assembly Accountability Disclosures (Audited)

### Losses and Special Payments

No exceptional kinds of expenditure, such as losses and special payments that require separate disclosure because of their nature or amount, were incurred.

### Fees and Charges

The Office has a target of recovering the full cost of undertaking fee paying work.

	2021-22 £'000			2020-21 £'000		
	Income	Full Cost	Surplus/ (deficit)	Income	Full Cost	Surplus/ (deficit)
<b>Fee Income</b>						
NAO Agency Fees	469	456	13	586	479	107
Other Financial Audit Fees	1,343	1,499	(156)	1,090	1,343	(253)
Local Government Audit Fees	1,015	1,036	(21)	737	855	(118)
NFI	–	–	–	161	161	–
	<b>2,827</b>	<b>2,991</b>	<b>(164)</b>	<b>2,574</b>	<b>2,838</b>	<b>(264)</b>
<b>Other Income</b>						
CFERs	–			–		
Income from secondments	16			59		
Rental Income	–			8		
	<b>2,843</b>			<b>2,641</b>		

The information here is provided solely to meet the requirements of the Department of Finance's "Fees and Charges" guide and is not disclosed for the purpose of IFRS 8.

Variations in fee income and costs, when comparing one year with another, are due to differences in the timing of when some audits are completed, charge rates and the impact of COVID-19 on the 2020-21 year.

### Remote Contingent Liabilities

In addition to contingent liabilities reported within the meaning of International Accounting Standard (IAS) 37, the Office is required to report liabilities for which the likelihood of economic benefit in settlement is too remote to meet the definition of a contingent liability. The Office has no such liabilities.

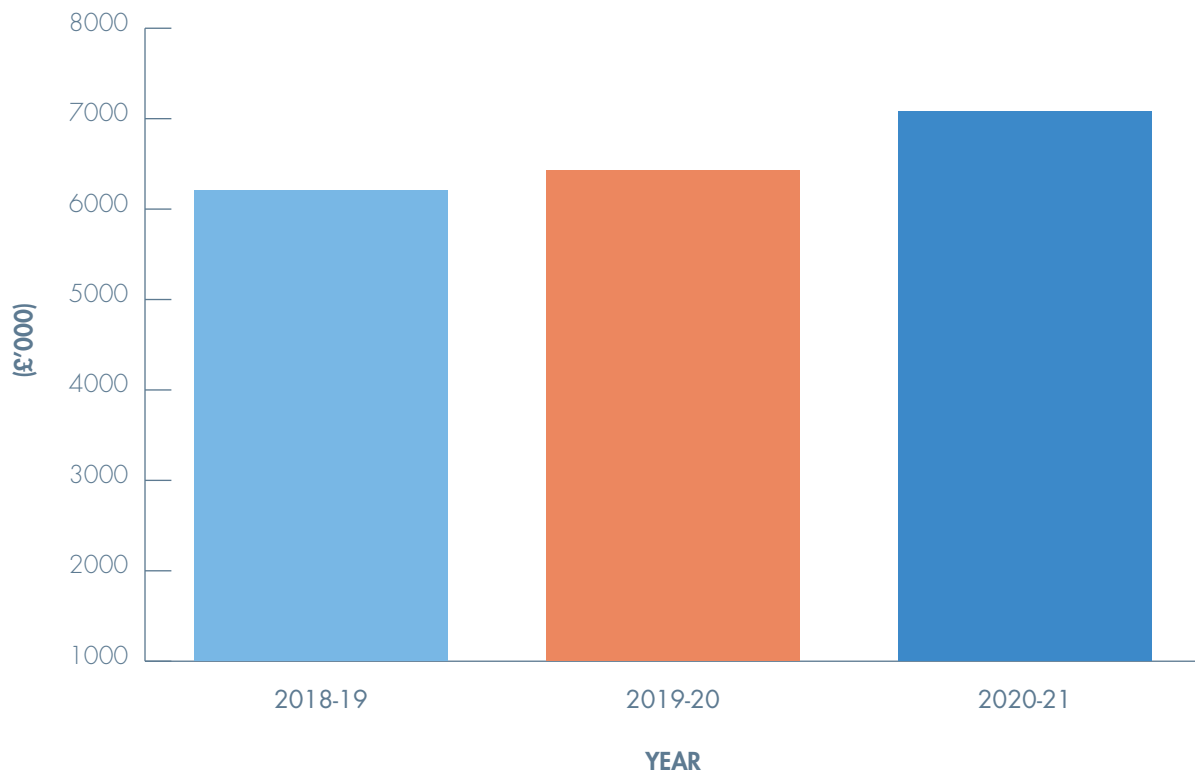
## Long-Term Expenditure Trends

The Office's outturn in Estimate and Budget terms for the period 2019-20 to 2021-22 is set out below.

### Estimate

	2019-20 £'000	2020-21 £'000	2021-22 £'000
<b>Net Resource Outturn (NRO)</b>	<b>6,663</b>	<b>7,327</b>	<b>7,595</b>
SBRI/GovTech	(238)	(249)	(250)
<b>NRO excluding VES and SBRI/GovTech</b>	<b>6,425</b>	<b>7,078</b>	<b>7,345</b>

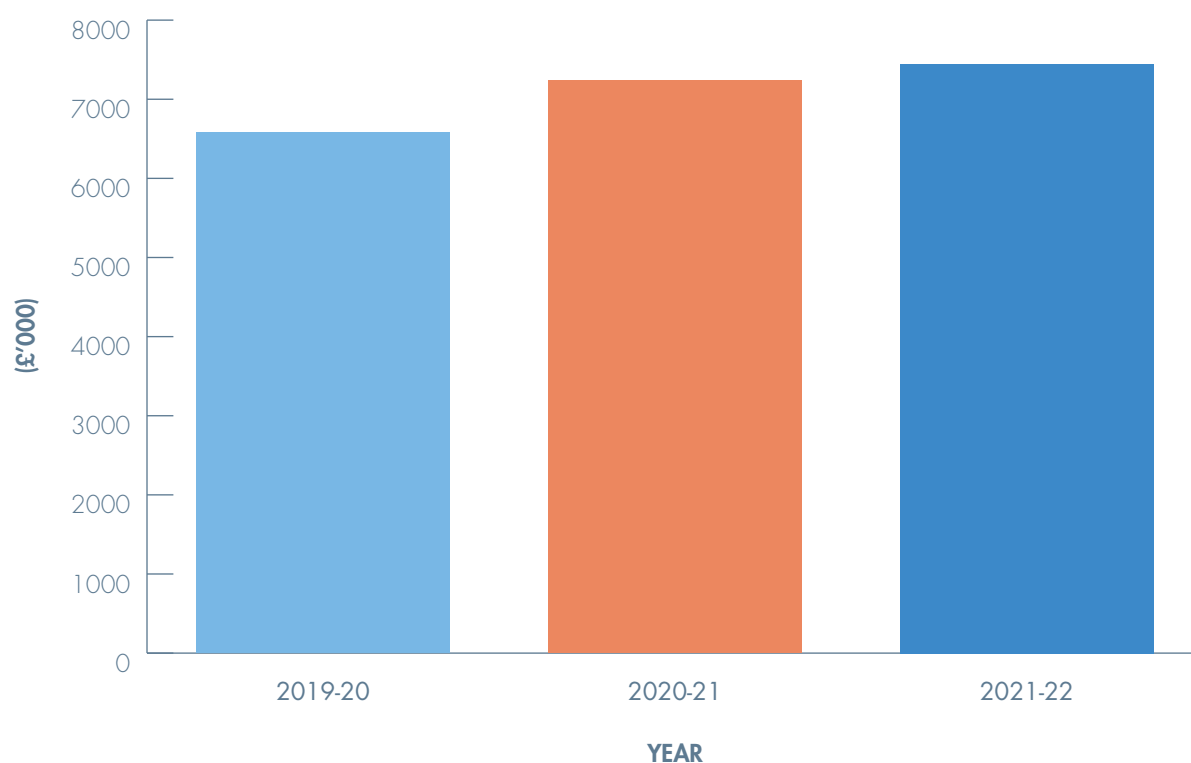
### Net Resource Outturn excluding SBRI/Govtech



As indicated on page 36, staff costs account for approximately 68 per cent of the Office's Gross Outturn (2020-21; 69 per cent). The Statement of Comprehensive Net Expenditure on page 90 and its notes provide a breakdown of income and expenditure in 2020-21 and 2021-22.

	2019-20 £'000	2020-21 £'000	2021-22 £'000
Resource DEL	6,584	7,238	7,446
Resource AME	–	–	–
<b>Resource Budget Outturn</b>	<b>6,584</b>	<b>7,238</b>	<b>7,446</b>

### Net Resource Budget



The Budget Outturn differs from the Estimate Outturn as it includes Consolidated Fund Standing Services and CFER income but excludes Research and Development (R&D). R&D is included as Capital DEL in the Budget but accounted for as resource spend in the SOCNE and in the Estimate. R&D is therefore a reconciling item between the Budget and the Estimate. The NIAO had £250,000 of Small Business Research Initiative (SBRI) R&D expenditure during 2021-22 (2020-21; £249k) to progress a data analytics project.

### Capital Outturn

	2019-20 £'000	2020-21 £'000	2021-22 £'000
<b>Capital DEL</b>	<b>168</b>	<b>278</b>	<b>3,107</b>
Research & Development Expenditure (GovTech/SBRI)	238	249	250
<b>Capital DEL (Budget)</b>	<b>406</b>	<b>527</b>	<b>3,357</b>

Capital relates to ICT, R&D and our accommodation project. ICT provision is outsourced to IT Assist (part of the Northern Ireland Civil Service's Shared Services Centre) but excludes specific line of business applications such as audit management software which the Office will continue to invest in. Research & Development expenditure relates to GovTech/Small Business Research Initiative (SBRI) funding. Data Analytics is a fast developing area which will have an impact on the audit process in the future. The NIAO secured grant funding in 2021-22 and 2020-21 through the Department for the Economy's Small Business Research Initiative (SBRI) and in 2019-20 through the Department for Business, Energy and Industrial Strategy's GovTech initiative. This funding was directly allocated as grants to successful applicant organisations to conduct research in this area and to help develop new techniques or systems. Expenditure on our accommodation project continued in the current year. To date the costs have comprised standard professional fees, design costs and construction costs which were capitalised as part of this long term capital project. These costs are included as 'assets under construction' in note 6. The work is expected to be completed in July 2022. Further information on the capital accommodation project is disclosed on page 37.



**Kieran Donnelly CB**  
**Comptroller and Auditor General for Northern Ireland**

**24 June 2022**

## Independent Auditor's Report to the Northern Ireland Assembly

We certify that we have audited the financial statements of the Northern Ireland Audit Office for the year ended 31 March 2022 under the Audit (Northern Ireland) Order 1987. These financial statements comprise: the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting standards (IFRSs) as adopted by the European Union, and as interpreted and adopted by the 2021-22 Government Financial Reporting Manual (the 2021-22 FReM). We have also audited the Statement of Outturn against Assembly Supply, and the related notes, and the information in the Accountability Report that is described in that report as having been audited.

### Opinion on Financial Statements

In our opinion:

- the financial statements give a true and fair view of the state of the Northern Ireland Audit Office's affairs as at 31 March 2022 and of its net operating expenditure, cash flows and changes in taxpayers' equity for the year then ended;
- the financial statements have been properly prepared in accordance with the Audit (Northern Ireland) Order 1987 and the relevant Department of Finance guidance; and
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adopted by the 2021-22 FReM.

### Opinion on Regularity

- In our opinion, in all material respects:
- the Statement of Outturn against Assembly Supply properly presents the outturn against voted Assembly control totals for the year ended 31 March 2022 and shows that those totals have not been exceeded; and
- the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly, and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### Basis of opinions

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the accounts section of our report. We are independent of the Northern Ireland Audit Office in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinions.

## Basis for the regularity opinion on the financial statements

We are required to obtain evidence sufficient to give reasonable assurance that the expenditure to which the statement relates has been incurred lawfully and in accordance with the authority that governs it and that the money to which the statement relates, received by the Northern Ireland Audit Office for a particular purpose or particular purposes, has not been expended otherwise than for that purpose or purposes. We have conducted our work in accordance with the Statement of Recommended Practice, Practice Note 10 Audit of financial statements of public sector bodies in the United Kingdom in this respect.

## Conclusions relating to going concern

We have nothing to report in respect of the following matters to which the ISAs(UK) require us to report to you where:

- the Accounting Officer's use of the going concern basis of accounting in the preparation of the accounts is not appropriate; or
- the Accounting Officer has not disclosed in the accounts any identified material uncertainties that may cast significant doubt about the Northern Ireland Audit Office's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the accounts are authorised for issue.

## Other information

The Accounting Officer is responsible for the other information included in the annual report. The other information comprises the information included in the annual report other than the financial statements, the parts of the Accountability Report described in the report as having been audited, and our audit certificate and report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Opinion on other matters

In our opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with the guidance issued by the Department of Finance; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and for such internal control as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the accounts the Accounting Officer is responsible for assessing the Northern Ireland Audit Office's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Northern Ireland Audit Office plans to cease operations or has no realistic alternative but to do so.

The Accounting Officer is responsible for the propriety and regularity of the public finances, for keeping proper books and for safeguarding assets, as set out in the Statement of Accounting Officer's Responsibilities.

### Matters on which we report by exception

We have nothing to report in respect of the following matters which we report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records; or
- we have not received all of the information and explanations we require for our audit; or
- the Governance Statement does not reflect compliance with Department of Finance's guidance; or
- certain disclosures of Board and staff remuneration specified by the Government Financial Reporting Manual are not made.

### Auditor's responsibilities for the audit of the financial statements

Our responsibility is to audit, certify and report on the financial statements in accordance with the Audit (Northern Ireland) Order 1987.

We are required to obtain evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:



## The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we gained an understanding of the legal and regulatory framework applicable to the Northern Ireland Audit Office through discussions with management, and from our wider knowledge and experience;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Northern Ireland Audit Office, including the Audit (Northern Ireland) Order 1987. We also considered the risks of non-compliance with the other key legislation and we considered the extent to which non-compliance might have a material effect on the financial statements
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Northern Ireland Audit Office's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 1 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- attending all Audit & Risk Assurance Committee meetings during the year and reviewing the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;
- enquiring of management as to whether there has been any legal correspondence.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the accounting officer and other management and the inspection of regulatory and legal correspondence, if any.

The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our certificate.

In addition, we are required to obtain evidence sufficient to give reasonable assurance that the Statement of Outturn against Assembly Supply properly presents the outturn against voted Assembly control totals and that those totals have not been exceeded. We are also required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### Use of our report

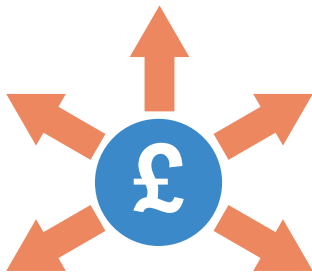
This report is made solely to the Northern Ireland Assembly, as a body, in accordance with the Audit (Northern Ireland) Order 1987. Our audit work has been undertaken so that we might state to the Northern Ireland Assembly those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Northern Ireland Audit Assembly as a body, for our audit work, for this report or for the opinions we have formed.

*Baker Tilly Mooney Moore*

**Baker Tilly Mooney Moore**  
**Chartered Certified Accountants and Registered Auditor**  
**17 Clarendon Road**  
**Clarendon Dock**  
**Belfast**  
**BT1 3BG**

**28 June 2022**

# Financial Statements



## Net Operating Expenditure

2021-22: £7.70 million  
2020-21: £7.49 million



## Audit Fee Income

2021-22: £2.84 million  
2020-21: £2.57 million



## Other Income

2021-22: £16,000  
2020-21: £67,000



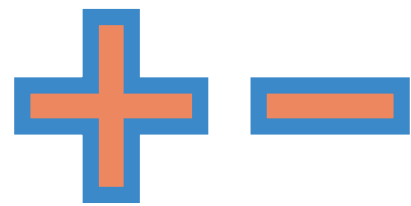
## Staff Costs

2021-22: £7.14 million  
2020-21: £6.94 million



## Other Costs

2021-22: £3.40 million  
2020-21: £3.19 million



## Total assets less liabilities

2021-22: £6.76 million  
2020-21: £4.20 million

## Statement of Comprehensive Net Expenditure

For the year ended 31 March 2022

This account summarises the expenditure and income generated and consumed on an accruals basis. It also includes other comprehensive income and expenditure, which includes, for example, changes to the values of non-current assets and other financial instruments that cannot yet be recognised as income or expenditure.

	Note	2021-22		2020-21	
		£'000	£'000	£'000	£'000
<b>Other Operating Income</b>	5		<b>(2,843)</b>		<b>(2,641)</b>
Staff Costs	3	7,135		6,942	
Purchase of Goods and Services	4	3,277		3,051	
Depreciation	4	127		134	
Tax expense		–		1	
<b>Total Operating Expenditure</b>			<b>10,539</b>		<b>10,128</b>
<b>Net Operating Expenditure</b>	SOAS2		<b>7,696</b>		<b>7,487</b>
<b>Other Comprehensive Net Expenditure</b>					
Items that will not be reclassified to net operating costs:					
– Net (gain) on revaluation of Property, Plant and Equipment	6/7		(105)		(106)
<b>Comprehensive Net Expenditure for the year</b>			<b>7,591</b>		<b>7,381</b>

The notes on pages 94 to 108 form part of these accounts

## Statement of Financial Position

as at 31 March 2022

This statement presents the financial position of the Office. It comprises three main components: assets owned or controlled; liabilities owed to other bodies; and equity, the remaining value of the entity.

	Note	31 March 2022		31 March 2021	
		£'000	£'000	£'000	£'000
<b>Non-current Assets</b>					
Property, Plant and Equipment	6	7,047		3,963	
Intangible Assets	7	24		23	
<b>Total non-current assets</b>			<b>7,071</b>		<b>3,986</b>
<b>Current Assets</b>					
Trade and other receivables	9	1,322		967	
Cash and cash equivalents	10	827		372	
<b>Total current assets</b>			<b>2,149</b>		<b>1,339</b>
<b>Total Assets</b>			<b>9,220</b>		<b>5,325</b>
<b>Current liabilities</b>					
Trade and other payables	11	(2,464)		(1,124)	
Provisions	12	–		–	
<b>Total current liabilities</b>			<b>(2,464)</b>		<b>(1,124)</b>
<b>Total assets less current liabilities</b>			<b>6,756</b>		<b>4,201</b>
<b>Non-current liabilities</b>					
Provisions	12	–		–	
<b>Total non-current liabilities</b>			<b>–</b>		<b>–</b>
<b>Total assets less liabilities</b>			<b>6,756</b>		<b>4,201</b>
<b>Taxpayers' equity and other reserves</b>					
General Fund			5,606		3,051
Revaluation Reserve			1,150		1,150
<b>Total equity</b>			<b>6,756</b>		<b>4,201</b>



**Kieran Donnelly CB**

**Comptroller and Auditor General for Northern Ireland**

**24 June 2022**

The notes on pages 94 to 108 form part of these accounts

## Statement of Cash Flows for the year ended 31 March 2022

The Statement of Cash Flows shows the changes in cash and cash equivalents of the Office during the reporting period. The statement shows how the Office generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of services costs and the extent to which these operations are funded by way of income from the recipients of services provided by the Office. Investing activities represent the extent to which cash inflows and outflows have been made for resources which are intended to contribute to the Office's future public service delivery.

	Note	2021-22 £'000	2020-21 £'000
<b>Cash flows from operating activities</b>			
Net operating expenditure		(7,696)	(7,487)
Adjustment for non-cash transactions	4	127	134
(Increase) / Decrease in trade and other receivables	9	(355)	(137)
Increase / (Decrease) in trade payables	11	1,340	425
less movements relating to items not passing through the Statement of Comprehensive Net Expenditure		(1,244)	(224)
Use of provisions	12	–	–
<b>Net cash outflow from operating activities</b>		<b>(7,828)</b>	<b>(7,289)</b>
<b>Cash flows from investing activities</b>			
Purchase of Property, Plant and Equipment	6,11	(2,358)	(287)
Purchase of intangible assets	7	(19)	(26)
<b>Net cash outflow from investing activities</b>		<b>(2,377)</b>	<b>(313)</b>
<b>Cash flows from financing activities</b>			
From the Consolidated Fund (Supply) – current year		10,500	7,700
From the Consolidated Fund (non-Supply)	4	160	160
<b>Net financing</b>		<b>10,660</b>	<b>7,860</b>
<b>Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund</b>		<b>455</b>	<b>258</b>
Payments of amounts due to the Consolidated Fund		–	–
<b>Net increase / (decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund</b>		<b>455</b>	<b>258</b>
<b>Cash and cash equivalents at the beginning of the period</b>	10	372	114
<b>Cash and cash equivalents at the end of the period</b>	10	<b>827</b>	<b>372</b>

The notes on pages 94 to 108 form part of these accounts

## Statement of Changes in Taxpayers' Equity

for the year ended 31 March 2022

This statement shows the movement in the year on the different reserves held by the Office analysed into 'general fund reserves' (i.e. those reserves that reflect a contribution from the Consolidated Fund). The Revaluation Reserve reflects the change in asset values that have not been recognised as income or expenditure. The General Fund represents the total assets less liabilities of the Office, to the extent that the total is not represented by other reserves and financing items.

	Note	General Fund £'000	Revaluation Reserve £'000	Taxpayers' Equity £'000
<b>Balance at 31 March 2020</b>		<b>2,752</b>	<b>1,229</b>	<b>3,981</b>
Net Assembly Funding - drawn down		7,700	–	7,700
Net Assembly Funding - deemed		114	–	114
Consolidated Fund Standing Services	4	160	–	160
Supply payable adjustment	11	(372)	–	(372)
CFERs payable to the Consolidated Fund	SOAS4	–	–	–
Comprehensive Net Expenditure for the year		(7,487)	106	(7,381)
Other reserves movements including transfers		184	(185)	(1)
<b>Balance at 31 March 2021</b>		<b>3,051</b>	<b>1,150</b>	<b>4,201</b>
Net Assembly Funding - drawn down		10,500	–	10,500
Net Assembly Funding - deemed		372	–	372
Consolidated Fund Standing Services (non-Supply)	4	160	–	160
Consolidated Fund Standing Services adjustment	4,9	54	–	54
Supply payable adjustment	11	(827)	–	(827)
CFERs payable to the Consolidated Fund	SOAS4	(113)	–	(113)
Comprehensive Net Expenditure for the year		(7,696)	105	(7,591)
Other reserves movements including transfers		105	(105)	–
<b>Balance at 31 March 2022</b>		<b>5,606</b>	<b>1,150</b>	<b>6,756</b>

The notes on pages 94 to 108 form part of these accounts

## Notes to the Resource Accounts

### 1. Statement of Accounting Policies

These financial statements have been prepared in accordance with Article 6 of the Audit (Northern Ireland) Order 1987, as amended by the Government Resources and Accounts Act (Northern Ireland) 2001, which requires the NIAO to prepare resource accounts.

In meeting this requirement, the financial statements have been prepared in accordance with the 2021-22 *Government Financial Reporting Manual (FReM)* issued by the Department of Finance. The accounting policies contained in *FReM* apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the *FReM* permits a choice of accounting policy, the accounting policy which is judged to be the most appropriate to the particular circumstances of the NIAO for the purpose of giving a true and fair view has been selected. The particular policies adopted by the NIAO are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

In addition to the primary statements prepared under IFRS, the *FReM* also requires the Office to prepare one additional primary statement. The *Statement of Outturn against Assembly Supply* and supporting notes show outturn against the Estimate in terms of the net resource requirement and the net cash requirement.

#### 1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment and intangible assets.

#### 1.2 Property, plant and equipment

Land and buildings have been included on the basis of interim professional valuations performed by Land & Property Services (LPS). The interim valuations provided by LPS as at 31 March 2022 are open market value existing use, with the building valued on the basis of fitted out accommodation rather than solely as the shell of the building. Consequently certain items previously included with furniture and fittings are now classified as buildings. A full professional valuation is required every 5 years. The date of the last full valuation by LPS was on 31 October 2018. The NIAO building is currently being refurbished, with work expected to complete in July 2022. After completion, a new revaluation exercise will be carried out by LPS on the refurbished building.

Information technology and furniture have been restated using valuation indices produced by the Office for National Statistics.

The minimum level for capitalisation of property, plant and equipment is £500. All non-property operational assets are stated at fair value on the basis of their existing use.



### 1.3 Intangible assets

Intangible assets comprise capitalised operational software licenses and the costs involved in implementing the software. The cost of licences and implementation costs are amortised over their expected useful lives of between three and seven years. The minimum level for capitalisation of an intangible asset is £500. These assets have also been restated using valuation indices produced by the Office for National Statistics.

### 1.4 Depreciation

Depreciation is provided at rates calculated to write off the valuation of property, plant and equipment by equal instalments over their estimated useful lives. Asset lives are normally in the following ranges:

<b>Information Technology</b>	<b>3 to 7 years</b>
<b>Furniture</b>	<b>5 to 20 years</b>

The building is depreciated over a 30 year estimated useful life. Land is not depreciated.

Where events have arisen which reduce the recoverable amount of any non-current asset below its carrying amount, an impairment loss is recognised.

### 1.5 Work in progress

Work in progress relates to a proportion of auditor fees that have been earned by the end of the financial year but where a fee has not yet been issued. The calculation is based on the amount of audit work completed by the end of the financial year as a proportion of the total expected amount of audit work, less any foreseen losses and payments received on account.

### 1.6 Income

Income principally comprises fees and charges for services provided by statute or by agreement with the National Audit Office (NAO) and client organisations. This income represents the amounts derived from the provision of completed work for clients during the year and includes an appropriate allowance for work in progress on assignments which will be completed in the following year.

Further details of the NIAO's application of IFRS 15 to audit assignments are set out in Note 5.

Income not only includes accruing resources approved in the Estimate but also income due to the Consolidated Fund, which, in accordance with the FReM, is treated as operating income. Operating income is stated net of Value Added Tax.

### 1.7 Secondment income

The NIAO secondments staff to other organisations in the public sector. It will typically seek to recover the associated salary costs of the staff member on secondment. However, the NIAO may at times subsidise the cost of this secondment where it is in its strategic interests to do so and where the experience and skills gained through the secondment will bring future benefit to the NIAO.

### 1.8 Rental income

The NIAO entered into agreements to sublet part of its property. Rental income is recognised within other operating income on a straight-line basis over the term of the lease. A separate service charge is levied to recover costs borne by the NIAO.

### 1.9 Pensions

Past and present employees of the NIAO are covered by the provisions of the Principal Civil Service Pension Scheme (Northern Ireland) (PCSPS (NI)). The defined benefit scheme is unfunded. The Office recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from the employees' services by a payment to the PCSPS (NI) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS (NI). In respect of defined contribution schemes, the Office recognises the contribution payable for the year.

### 1.10 Other provisions

The NIAO provides for legal or constructive obligations which are of uncertain timing or amount at the reporting date on the basis of the best estimate of the expenditure required to settle the obligation.

### 1.11 Value Added Tax

Income and expenditure in the account is stated exclusive of irrecoverable Value Added Tax (VAT). The Office can recover VAT at a partial exemption rate. For 2021-22 this was at a rate of 5 per cent (2020-21; 6 per cent), based on the percentage of business income over total income.

### 1.12 Staff costs

Under IAS 19 Employee Benefits, all staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the cost of any untaken leave as at the year end.

### 1.13 Financial instruments

The NIAO does not hold any complex financial instruments. The only financial instruments included in the accounts are receivables and payables. Trade receivables are recognised initially at fair value less provision for impairment. A provision for impairment is made when there is evidence that the Office will be unable to collect an amount due in accordance with agreed terms.

### 1.14 Impending application of newly issued accounting standards not yet effective

The Office has reviewed new accounting standards that have been issued but are not yet effective, nor adopted early for these accounts.

IFRS 16 Leases has been issued but will not be effective in the public sector until 1 April 2022 due to the circumstances caused by COVID-19.

We have carried out an assessment of the new standard on leases and have concluded that there will be no impact on the NIAO's financial statements. Under IFRS 16, the operating lease commitments disclosed in note 14.2 would be recognised as an asset and liability on the Statement of Financial Position. The NIAO's sole operating lease is for temporary accommodation which will have expired by the time IFRS 16 becomes effective.

## 2. Statement of Operating Costs by Operating Segment

NIAO's operating segments reflect the activities undertaken to achieve the business objectives.

	2021-22			2020-21		
	Gross Expenditure £'000	Income £'000	Net Expenditure £'000	Gross Expenditure £'000	Income £'000	Net Expenditure £'000
Financial Audit	7,556	2,676	4,880	7,086	2,365	4,721
Public Reporting	1,905	151	1,754	2,025	*48	1,977
Governance and Fraud Prevention and Detection	535	–	535	467	161	306
Support to the NI Assembly, other public bodies and citizens	279	16	263	287	67	220
SBRI/GovTech Funding	250	–	250	249	–	249
Comptroller Function	14	–	14	14	–	14
<b>Total</b>	<b>10,539</b>	<b>2,843</b>	<b>7,696</b>	<b>10,128</b>	<b>2,641</b>	<b>7,487</b>

\*In the 2020-21 Financial Statements £48k was disclosed as 'Financial Audit' income instead of Public Reporting. The amounts disclosed have been adjusted to reflect the correct classification.

**Financial Audit** – Forming an opinion on financial statements; assessing whether expenditure is regular and in accordance with the intentions of the Assembly when it granted the money; and providing assurance on the Accounting Officers' Governance Statement.

**Public Reporting** – Independently examining and reporting to the Northern Ireland Assembly on whether public bodies spend taxpayers' money economically, efficiently and effectively. Audit, assessment and reporting on local councils' performance improvement responsibilities. Providing public bodies with constructive advice in the form of good practice reports across a range of areas.

**Governance and Fraud Prevention and Detection** – Helping public bodies improve their corporate governance, financial control and risk management arrangements, and assisting in the prevention and detection of fraud by conducting and reporting on data matching exercises.

**Support to the Northern Ireland Assembly, other public bodies and citizens** – Working closely with the Public Accounts Committee on evidence sessions based on our reports; providing support to departmental committees; responding to enquiries from elected representatives as well as citizens; seconding staff to other public bodies; and providing office space to other public bodies.

**SBRI/GovTech funding** – Data Analytics is a fast developing area which will have an impact on the audit process in the future. The NIAO secured grant funding in 2021-22 and 2020-21 through the Department for the Economy’s Small Business Research Initiative (SBRI) and in 2019-20 through the Department for Business, Energy and Industrial Strategy’s GovTech initiative. This funding was directly allocated as grants to successful applicant organisations to conduct research in this area and to help develop new techniques or systems.

**Comptroller Function** – Authorising the issue of public funds from the Consolidated Fund for Northern Ireland.

### 3. Staff Costs

	2021-22 £'000	2020-21 £'000
Wages and Salaries	5,009	4,892
Social Security Costs	539	522
Other Pension Costs	1,587	1,528
<b>Total net costs</b>	<b>7,135</b>	<b>6,942</b>

A breakdown of the above costs into permanent staff and other can be found in the Staff Report within the Accountability Report.

## 4. Other Administration Costs

	Note	2021-22		2020-21	
		£'000	£'000	£'000	£'000
Contracted Out Audits		1,565		1,413	
Accommodation		212		319	
Rentals under building operating lease		117		8	
National Fraud Initiative Charge		–		150	
Recruitment and training		192		134	
Consolidated Fund Standing Services (C&AG's salary)		214		160	
Office Supplies/Equipment		27		30	
Computer Services		395		368	
Travel and Subsistence		7		5	
Professional Services Bought In		102		91	
SBRI/GovTech Initiative		250		249	
Other Indirect Costs		84		53	
Legal Fees		72		19	
Internal Auditors' Fees		13		26	
External Auditors' Fees - Audit		20		19	
External Auditor's Fees - Other		6		5	
Hospitality		1		2	
			3,277		3,051
<b>Non- cash items</b>					
Depreciation	6,7	127		134	
			127		134
<b>Total</b>			<b>3,404</b>		<b>3,185</b>

During the year the Office purchased the following non-audit services from its auditor, Baker Tilly Mooney Moore:

- Validation of Impacts of the NIAO, £6,000 (2020-21: £5,000).

## 5. Operating Income

	2021-22 £'000	2020-21 £'000
Income from NAO	469	586
Other Audit Fees	2,358	1,827
NFI Receipts	–	161
Rental Income	–	8
Other Income	16	59
<b>Total</b>	<b>2,843</b>	<b>2,641</b>

In line with its accounting policy, the NIAO has applied the requirements of IFRS 15 to income earned from fee-paying audits falling within the scope of IFRS 15.

### Identification of a contract

The basis of the different streams of audit work are set out below.

Audit income stream	Basis for identifying a contract	Performance obligation
<b>Statutory Audit</b>	For these audits, we are appointed auditors under statute and we charge a fee directly to the body. For audits under the Government Resources and Accounts Act NI 2001 the client recognises a notional fee and no income is recognised in the NIAO accounts.  There is no legal contract with fee-paying statutory audit clients but there is deemed to be a contract in accordance with the FReM adaptation of IFRS 15 that the definition of a contract is expanded to include legislation and regulations enabling an entity to receive income. The contract is deemed to be as set out in the Letter of Understanding between the NIAO and the audited body.	Issue a certificate and report of the C&AG to the Northern Ireland Assembly.
<b>Agreement Audit</b>	For these audits, we are appointed auditors by the organisation's board under their own governance arrangements and have a contract with them in the form of a Letter of Engagement.	Issue a certificate and report of the C&AG to the Northern Ireland Assembly.
<b>Companies Act Audit</b>	For these audits, we are appointed auditors under the Companies (Public Sector Audit) Order 2013 and therefore have a contract with them in the form of a Letter of Understanding.	Issue a certificate and report of the C&AG to the Northern Ireland Assembly.
<b>National Audit Office sub contract services</b>	For these assignments we contract with the NAO to conduct audit and verification work on regional organisations for which the NAO is the appointed lead auditor.	Issue a report or advice as per the terms of the engagement.

### **Identification of performance obligations**

The NIAO has determined that there is a single performance obligation for each engagement which is identified as the objective of these assignments in the Letter of Understanding or Letter of Engagement, or contract for services provided to NAO. In the case of audits, other outputs, such as interim reports and reports to those charged with governance of the audited body, are produced during audit assignments, but these other outputs are integral to the audit opinion: they are highly interrelated with the delivery of the audit certificate or report, so do not qualify as distinct performance obligations.

### **Determination of when performance obligations are satisfied**

The NIAO has determined that the performance obligations described above are satisfied over time rather than at a point in time. This is because the NIAO's performance of the engagement does not create an asset with an alternative use to the NIAO and the NIAO has an enforceable right to payment for performance completed to date.

The majority of the NIAO's financial audits are on an annual cycle. The fee (which is based on estimated costs to the NIAO) and invoicing schedule is agreed between the individual assignment teams and the client. The NIAO is entitled to recover costs in respect of work completed to date at any stage of the audit. Our typical schedule is to invoice audits with fees over £50,000 in two instalments and all other audits are invoiced when the audit is complete.

Our payment terms are that audit fee invoices should be paid within 30 days. Contracts for audit services do not have a significant financing component and the consideration amount is not variable except in respect of fee increases where it has become necessary to perform additional work.

### **Allocation of transaction price to performance obligations**

Income is recognised as the services are provided, determined by reference to the proportion of budgeted costs that have been spent to date for each engagement, less a provision for any unrecoverable amounts. This provides a faithful depiction of the transfer of services because the nature of work is that the staff costs incurred represent progress towards satisfaction of the performance obligation. There is a direct relationship between these inputs and the transfer of services to the audit client.

### **Recognition of contract assets and liabilities**

The contract asset (work in progress) is recorded in Note 9. Payments received in advance of performance under the contract are recognised as a contract liability (payments on account). This is then recognised as revenue as we perform our work.



## 6. Property, Plant and Equipment

## 2021-22

	Land	Buildings	Information Technology	Furniture and Fittings	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>						
At 1 April 2021	350	3,150	9	20	447	3,976
Additions	–	–	–	12	3,076	3,088
Disposals	–	–	–	–	–	–
Revaluations	–	–	–	–	–	–
<b>At 31 March 2022</b>	<b>350</b>	<b>3,150</b>	<b>9</b>	<b>32</b>	<b>3,523</b>	<b>7,064</b>
<b>Depreciation</b>						
At 1 April 2021	–	–	8	5	–	13
Charged in year	–	105	1	3	–	109
Disposals	–	–	–	–	–	–
Revaluations	–	(105)	–	–	–	(105)
<b>At 31 March 2022</b>	<b>–</b>	<b>–</b>	<b>9</b>	<b>8</b>	<b>–</b>	<b>17</b>
<b>Carrying amount at 31 March 2021</b>	<b>350</b>	<b>3,150</b>	<b>1</b>	<b>15</b>	<b>447</b>	<b>3,963</b>
<b>Carrying amount at 31 March 2022</b>	<b>350</b>	<b>3,150</b>	<b>–</b>	<b>24</b>	<b>3,523</b>	<b>7,047</b>

All assets at 31 March 2022 are owned by the NIAO.

Assets under construction represents the design and other professional costs incurred to date as part of the redevelopment of the NIAO office at 106 University Street.

Details of the basis of valuation can be found in Note 1.2 to the Accounts.

## 6. Property, Plant and Equipment cont'd.

**2020-21**

	Land	Buildings	Information Technology	Furniture and Fittings	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>						
At 1 April 2020	350	3,150	9	58	195	3,762
Additions	–	–	–	–	252	252
Disposals	–	–	–	(38)	–	(38)
Revaluations	–	–	–	–	–	–
<b>At 31 March 2021</b>	<b>350</b>	<b>3,150</b>	<b>9</b>	<b>20</b>	<b>447</b>	<b>3,976</b>
<b>Depreciation</b>						
At 1 April 2020	–	–	7	28	–	35
Charged in year	–	105	1	16	–	122
Disposals	–	–	–	(38)	–	(38)
Revaluations	–	(105)	–	(1)	–	(106)
<b>At 31 March 2021</b>	<b>–</b>	<b>–</b>	<b>8</b>	<b>5</b>	<b>–</b>	<b>13</b>
<b>Carrying amount at 31 March 2020</b>	<b>350</b>	<b>3,150</b>	<b>2</b>	<b>30</b>	<b>195</b>	<b>3,727</b>
<b>Carrying amount at 31 March 2021</b>	<b>350</b>	<b>3,150</b>	<b>1</b>	<b>15</b>	<b>447</b>	<b>3,963</b>

All assets at 31 March 2021 were owned by the NIAO.

Assets under construction represents the design and other professional costs incurred to date as part of the redevelopment of the NIAO office at 106 University Street.

Details of the basis of valuation can be found in Note 1.2 to the Accounts.

## 7. Intangible Assets

### 2021-22

	Software Licences £'000
<b>Cost or valuation</b>	
At 1 April 2021	51
Additions	19
Disposals	–
Revaluations	–
<b>At 31 March 2022</b>	<b>70</b>
<b>Depreciation</b>	
At 1 April 2021	28
Charged in year	18
Disposals	–
Revaluations	–
<b>At 31 March 2022</b>	<b>46</b>
<b>Carrying amount at 31 March 2021</b>	<b>23</b>
<b>Carrying amount at 31 March 2022</b>	<b>24</b>

All assets at 31 March 2022 are owned by the NIAO.

Details of the basis of valuation can be found in Note 1.3 to the Accounts.

## 7. Intangible Assets cont'd.

**2020-21**

	Software Licences £'000
<b>Cost or valuation</b>	
At 1 April 2020	114
Additions	26
Disposals	(90)
Revaluations	1
<b>At 31 March 2021</b>	<b>51</b>
<b>Depreciation</b>	
At 1 April 2020	105
Charged in year	12
Disposals	(90)
Revaluations	1
<b>At 31 March 2021</b>	<b>28</b>
<b>Carrying amount at 31 March 2020</b>	<b>9</b>
<b>Carrying amount at 31 March 2021</b>	<b>23</b>

All assets at 31 March 2021 are owned by the NIAO.

Details of the basis of valuation can be found in Note 1.3 to the Accounts.

## 8. Financial Instruments

As the cash requirements of the Office are met through the Estimates process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body of a similar size. The majority of financial instruments relate to contracts for non-financial items, in line with the Office's expected purchase and usage requirements, and the Office is therefore exposed to little credit, liquidity or market risk.

## 9. Trade and other receivables

	2021-22 £'000	2020-21 £'000
<b>Amounts receivable within one year</b>		
Trade receivables	433	279
Work in progress	736	594
Consolidated Fund Standing Services (non-Supply)	54	–
Prepayments	99	94
<b>Total</b>	<b>1,322</b>	<b>967</b>

There are no amounts receivable after more than one year.

## 10. Cash and cash equivalents

	2021-22 £'000	2020-21 £'000
Balance at 1 April	372	114
Net change in cash and cash equivalent balances	455	258
<b>Balance 31 March*</b>	<b>827</b>	<b>372</b>

\*The above balance is held at a commercial bank.

## 11. Trade payables and other current liabilities

	2021-22 £'000	2020-21 £'000
<b>Amounts falling due within one year</b>		
VAT	85	84
Trade payables	407	364
Consolidated Fund Standing Services	54	–
Accruals	11	43
Employee benefits accrual	231	228
Payments on account	–	27
	788	746
<b>Total excluding amounts due to the Consolidated Fund</b>	<b>788</b>	<b>746</b>
Amounts issued from the Consolidated Fund for supply but not spent at year end	827	372
Consolidated Fund extra receipts due to be paid to the Consolidated Fund:		
Received	–	–
Receivable	113	–
<b>Sub Total</b>	<b>1,728</b>	<b>1,118</b>
Other payables: capital creditor	736	6
<b>Total</b>	<b>2,464</b>	<b>1,124</b>

There are no amounts falling due after more than one year.

## 12. Provisions for Liabilities and Charges

The NIAO has no provision for liabilities and charges.

## 13. Contingent Liabilities

The Office has not entered into any guarantees or indemnities or provided any letters of comfort.

## 14. Capital and other commitments

### 14.1 Capital Commitments

	2021-22 £'000	2020-21 £'000
<b>Contracted capital commitments at 31 March not otherwise included in these financial statements</b>		
Property, Plant and Equipment*	1,147	–
<b>Total</b>	<b>1,147</b>	<b>–</b>

\*Commitments under a construction contract for the refurbishment of NIAO premises on University Street. See page 37 for further detail.

### 14.2 Commitments under leases

Obligations under operating leases for the following periods comprise:

	2021-22 £'000	2020-21 £'000
<b>Buildings</b>		
Not later than one year	49	117
Later than one year and not later than five years	–	49
Later than five years	–	–
<b>Total</b>	<b>49</b>	<b>166</b>

### 14.3 Other Financial Commitments

The Office has no other financial commitments as at 31 March 2022.

## 15. Related Party Transactions

None of the NIAO Audit and Risk Assurance Committee, Advisory Board, Senior Management Team members or other related parties has undertaken any material transactions with the NIAO during the year.

The NIAO has had a number of transactions with the Department of Finance.

## 16. Events after the reporting period

There were no reportable events between the end of the reporting period and the date the accounts were signed.

### Date of authorisation for issue

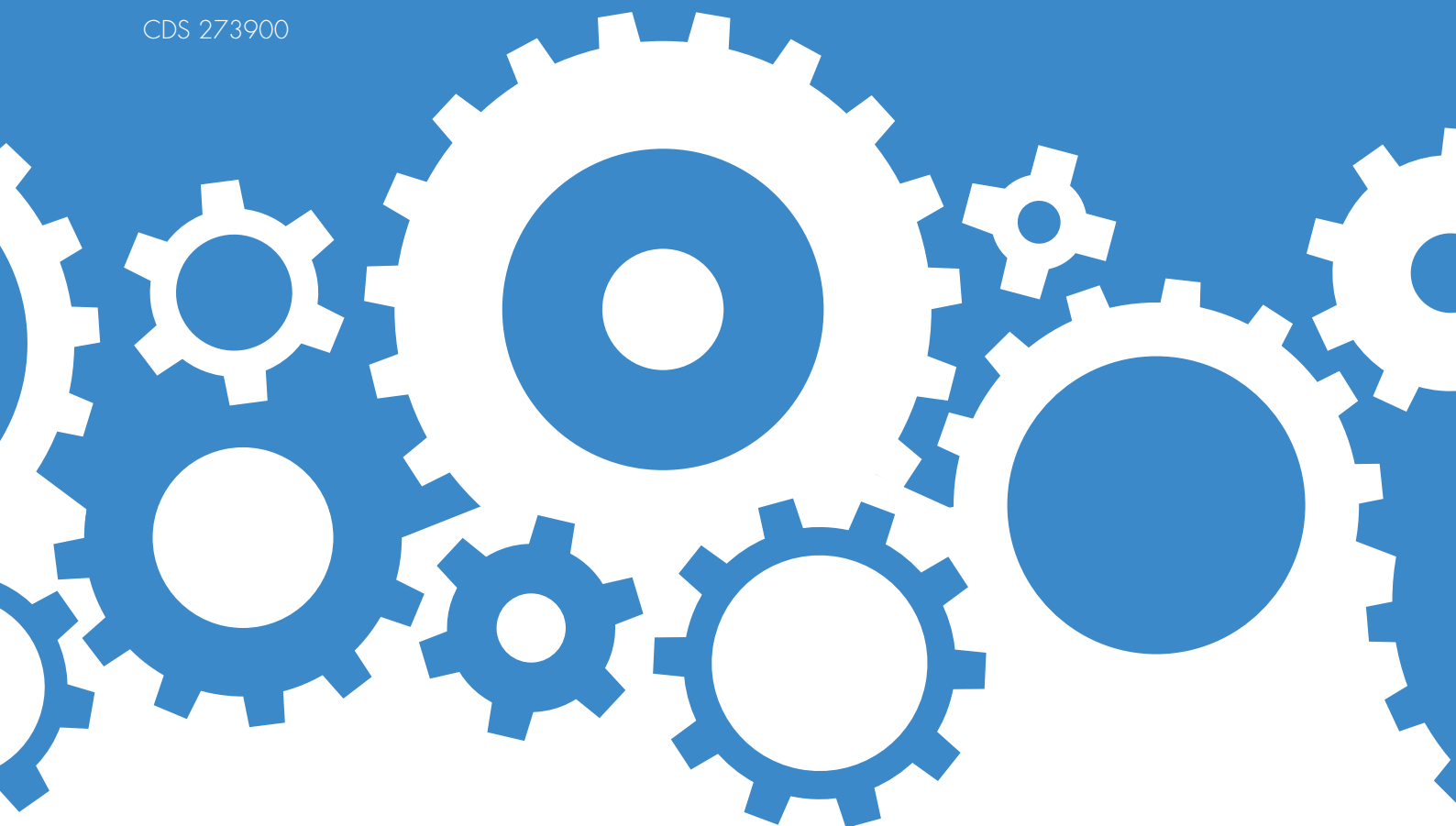
The C&AG authorised the issue of these financial statements on 28 June 2022.



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