

**Northern Ireland Audit Office**

**Section 75 Screening Report**

## 1. Introduction

1.1 As a designated public authority for the purposes of section 75 of the Northern Ireland Act 1998, the Northern Ireland Audit Office (NIAO), in carrying out its functions, powers and duties, must:

(1) have due regard to the need to promote equality of opportunity between:

- persons of different religious belief, political opinion, racial group, age, marital status or sexual orientation;
- men and women generally;
- persons with a disability and persons without; and
- persons with dependants and persons without; and

(2) without prejudice to the above obligation, have regard to the desirability of promoting good relations between persons of different religious belief, political opinion or racial group.

1.2 The NIAO Equality Scheme, which arises out of the implementation of Section 75 of the Northern Ireland Act 1998 and was approved by the Equality Commission for Northern Ireland in November 2003, sets out how the Office intends to carry out its section 75 duties. In relation to the requirement to assess the impact of its policies on the promotion of equality of opportunity, the NIAO Equality Scheme states that the Office will:

*“carry out a systematic review of all its existing and proposed policies to determine whether there are any equality of opportunity implications ..... and whether any should be subject to an Equality Impact Assessment.”*

An Equality Impact Assessment (EQIA) is a thorough and systematic analysis of a policy (or group of policies) to determine the extent of differential impact upon the section 75 groups. If an adverse impact is identified, mitigating measures and alternative policies which might better achieve the promotion of equality of opportunity should be considered.

1.3 A review of all NIAO policies has been undertaken. This report sets out:

- some background on the role and objectives of the NIAO;
- the screening process (the procedure for examining each policy for impact on equality of opportunity);
- the policies screened; and
- the results of screening in terms of whether any policies should be subjected to the EQIA procedure.

## 2. Role and objectives of the NIAO

- 2.1 NIAO has a staff complement of around 145. It is wholly independent of government and does not provide a service directly to the public. The Comptroller and Auditor General (C&AG), who is head of the NIAO, undertakes the external audit of central government bodies in Northern Ireland and reports the results of his work to the Northern Ireland Assembly, and to Parliament during the suspension of devolution. Certain NIAO staff are designated by the Department of the Environment as local government auditors. Local government auditors are mainly responsible for the audit of Northern Ireland District Councils and report the results of their work to the Department of the Environment.
- 2.2 The strategic objectives of the NIAO are to:
- (1) provide effective support to Parliament/the Northern Ireland Assembly in its task of holding Northern Ireland departments, executive agencies and other public bodies to account for their use of public money;
  - (2) provide effective local government audit to the Department of the Environment for Northern Ireland;
  - (3) provide support to Northern Ireland public sector bodies in their pursuit of improved financial reporting and value for money, including support for efforts to combat public sector fraud;
  - (4) meet the requirements placed on the Office by legislation (principally, the Audit (Northern Ireland) Order 1987; the Northern Ireland Act 1998; the Government Resources and Accounts Act (Northern Ireland) 2001; and the Audit and Accountability (Northern Ireland) Order 2003); and
  - (5) value staff and develop their full potential.
- 2.3 NIAO operates to professional auditing standards. Well established audit methodologies are applied to guard against any bias in NIAO investigations and reporting.
- 2.4 Further information about the NIAO, and a copy of the NIAO Equality Scheme, can be found on the NIAO website at [www.niauditoffice.gov.uk](http://www.niauditoffice.gov.uk).

### 3. Screening Process

3.1 NIAO identified all policies, written and unwritten. It then considered the impact of each policy or group of policies on equality of opportunity in terms of the nine categories listed in Section 75 of the Northern Ireland Act 1998 to determine whether any policies should be subject to an equality impact assessment. This involved reaching a decision on whether each policy or group of policies should be:

- 'screened in' - if it had (or was likely to have) a significant impact on equality of opportunity and good relations; or
- 'screened out' of the process - if it did not have any significant impact on equality of opportunity and good relations.

3.2 The following screening criteria were applied to policies:

- Is there any evidence of higher or lower participation or uptake by different groups?
- Is there any evidence that different groups have different needs, experiences, issues and priorities in relation to the particular policy?
- Have consultations with relevant groups, organisations or individuals within groups indicated that particular policies create problems that are specific to them?
- Is there an opportunity to better promote equality of opportunity or better community relations by altering the policy or working with others in government or the community at large?

If the answer to any of these was positive, consideration was given to whether to subject the policy identified to the equality impact assessment procedure.

3.3 The process involved consultation with section 75 groups.

3.4 The overall exercise was informed by both quantitative and qualitative information.

### 4. Policies screened

4.1 The following policies, which cover audit and all other activities of the Office, were screened:

#### **Financial Audit**

- (1) Audit of financial statements of public sector bodies
- (2) Contracting out financial audit work

(3) Risk (Investigative) and Inspection Audit

**Value for Money Audit**

(4) Value for money audit

(5) Use of consultants, reference partners and VFM panel

(6) Handling correspondence and enquiries from Members of the Legislative Assembly, other elected representatives and members of the public

**Human Resources**

(7) NIAO Recruitment and Promotion

(8) NIAO Terms and Conditions of Employment

(9) Training and Development of NIAO Staff

**Procurement**

(10) NIAO Procurement

**5. Results of Screening**

5.1 NIAO's initial screening decision was that all policies should be screened out. This was communicated to consultees and feedback sought. Responses from certain consultees indicated that some or all policies should be 'screened in'. Having taken account of the responses, NIAO remains satisfied with its original decision. It has assessed that no policies should be subject to equality impact assessment, on the grounds that they:

- do not present a significant risk to its obligation to have due regard to the need to promote better equality of opportunity; and
- do not require changing to better promote equality of opportunity.

5.2 An appendix to this report sets out:

- (1) the scope of each policy;
- (2) the reasons proposed by consultees for screening in the policy; and
- (3) the rationale for not conducting an EQIA.

5.3 NIAO's Equality Scheme advised that the Office would consult further with the Equality Commission on its existing policies. Accordingly, NIAO would welcome any feedback the Equality Commission may have on the outcome of its screening process.

APPENDIX

Policy	Scope of Policy	Reasons given by consultees for screening in	Rationale for not conducting an EQIA
<p><b><u>Financial Audit</u></b></p> <p>1. Audit of financial statements of public sector bodies</p>	<p>The C&amp;AG is required by legislation to audit the accounts of central government bodies and report his findings to the Northern Ireland Assembly/Parliament. NIAO staff, who are designated as Local Government Auditors, are required by legislation to audit the accounts of local government bodies and report to the Department of the Environment.</p> <p>Financial audit provides reasonable assurance that the financial statements give a true and fair view (or that the Statement of Accounts 'presents fairly' the financial position and transactions of a district council), have been properly prepared in accordance with relevant accounting and other requirements and are in accordance with the authorities which govern them; and provides audited bodies with constructive advice that will help them improve their corporate governance, financial management, control and reporting.</p>	<p>Audit is an area where there may be significant opportunity to promote equality and contribute to its mainstreaming into the governance of Northern Ireland.</p> <p>The policy should be subject to an EQIA to examine and ensure effective mainstreaming of equality into the audit process.</p>	<p>NIAO is a professional organisation operating to Auditing Practices Board standards. Its audit methodology and risk assessment process is extensive and subject to rigorous quality control review.</p> <p>Section 75 of the Northern Ireland Act 1998 does not impact on the scope of the NIAO's financial audit. From a financial audit perspective, NIAO will consider:</p> <ul style="list-style-type: none"> <li>- an audited body's compliance with equality legislation in the same way as it would compliance with other law and regulations; and</li> <li>- resources used in connection with Section 75 in the same way as resources used for any other purpose.</li> </ul> <p>It is not the role of the NIAO to monitor whether the bodies it audits are complying with Section 75. Monitoring and enforcement of section 75 requirements is a function of the Equality Commission.</p> <p>There is no evidence of a differential impact arising from this policy area.</p>

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<p><b><u>Financial Audit</u></b></p> <p>2. Contracting out financial audit work</p>	<p>NIAO contracts out some financial audit work to private sector accountancy firms to enable it to benchmark processes and maintain flexibility in resourcing audits.</p>	<p>This should be considered for an EQIA to ensure the mainstreaming of equality through the audit of financial statements.</p>	<p>NIAO has established framework agreements, in compliance with European law, with certain private sector accountancy firms for the provision of financial audit support services. Ultimate responsibility for the audit work remains with the NIAO.</p> <p>See comments at 1 above.</p>
<p>3. Risk (Investigative) and Inspection Audit</p>	<p>The aim of risk and inspection audit is to:</p> <ul style="list-style-type: none"> <li>- identify, assess and examine risks to regularity, propriety and financial control in central government bodies and report on significant weaknesses to the Northern Ireland Assembly/Parliament; and</li> <li>- provide audited bodies with constructive advice that will help them improve their corporate governance, financial management, control and reporting.</li> </ul>	<p>Audit is an area where there may be significant opportunity to promote equality and contribute to its mainstreaming into the governance of Northern Ireland.</p> <p>Risk and inspection audit policy should be considered for 'screening in' as it presents an opportunity to promote equality.</p>	<p>Risk and inspection audit, which comprises only a small element of the Office's financial audit programme, is guided by the same professional standards and ethics that apply to the audit of financial statements.</p> <p>See comments at 1 above.</p>

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<p><b><u>Value for Money Audit</u></b></p> <p>4. Value for Money (VFM) Audit</p>	<p>Under the Audit (NI) Order 1987, the C&amp;AG conducts VFM examinations and reports his findings to Parliament/the NI Assembly. His reports may be considered by the Public Accounts Committee, who will call the Accounting Officer of the public body to give evidence. A PAC Report is then produced, to which the Government body must respond. NIAO undertakes activity to ensure that follow-up action promised by audited bodies in response to recommendations in PAC and C&amp;AG reports has been taken.</p> <p>In summary, the prime functions of Value for Money audit are to:</p> <ul style="list-style-type: none"> <li>• provide Parliament/the Assembly with independent information and advice about how economically, efficiently and effectively departments, agencies and other public bodies have used their resources;</li> <li>• encourage audited bodies to improve their performance in</li> </ul>	<p>Audit is an area where there may be significant opportunity to promote equality and contribute to its mainstreaming into the governance of Northern Ireland.</p> <p>Equality/progress towards equality should come through in NIAO reports on audited bodies.</p> <p>Certain questions may need to be answered through an EQIA eg does the NIAO routinely audit for expenditure in relation to the nine section 75 groups?</p>	<p>VFM audit is undertaken by professional highly trained staff. A standard robust VFM methodology is applied and outputs are subject to independent quality review.</p> <p>Section 75 of the Northern Ireland Act 1998 does not impact on the scope of the NIAO's value for money audit. NIAO will consider resources used in connection with section 75 in the same manner as resources used for any other purpose. It is not the role of the Office to assess how well bodies are meeting the requirements of section 75 – overall oversight of section 75 is with the Equality Commission.</p> <p>However, the bodies audited by NIAO are subject to section 75 and the performance of these bodies against their section 75 responsibilities may be relevant to NIAO's judgement about the economy, efficiency and effectiveness with which they have used their resources. VFM teams consider if equality issues are relevant to their study topic.</p> <p>There is no evidence of a differential impact arising from this policy area.</p>

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<p><b><u>Value for Money Audit</u></b></p>	<p>achieving value for money and implementing policy; and</p> <ul style="list-style-type: none"> <li>identify good practice and suggest ways in which public services could be improved.</li> </ul>		
<p>5. Use of consultants, reference partners, and VFM Panel</p>	<p>These are used to provide additional resources and expertise, and enhance the quality of NIAO audit and reports.</p>	<p>Questions regarding the source of advisers, their expertise in equality and representation from section 75 groups should be answered through an EQIA.</p>	<p>Firms/individuals with the requisite skills, qualifications and experience are appointed to the work. Consultants' work is subject to robust review by NIAO.</p> <p>The cost of consultants, reference partners and the VFM panel comprises less than 1 per cent of the Office's budget.</p> <p>This policy has limited scope to impact on section 75 groups. It is therefore considered that an EQIA is not needed.</p>
<p>6. Handling correspondence and enquiries from elected representatives and members of the public.</p>	<p>NIAO responds to information provided or requested by external parties on a range of value for money issues.</p> <p>It assesses the implication of any information provided and determines the audit response.</p>	<p>Points were raised on:</p> <ul style="list-style-type: none"> <li>the extent of section 75 groups awareness of the NIAO to make enquiries; and</li> <li>equal opportunity to access information and participate.</li> </ul>	<p>NIAO's scrutiny programmes are carried out on behalf of the Northern Ireland Assembly/Parliament. The Office does not undertake investigations on behalf of members of the public but will take any concerns raised on the use of public money into account when planning its programme of work.</p> <p>NIAO work has received increasing media</p>

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			<p>coverage over recent years, resulting in a greater awareness of the role of the Office. Information about NIAO is available on its website, which provides a contact point for people who wish to pass on their concerns about the use of public money to the Office. While this source of information may inform audit activity (and has resulted in audit investigations), the Office has a robust audit methodology which includes regular monitoring of the audit field to assess the extent to which audited bodies achieve VFM and the potential for improvement.</p> <p>Handling correspondence is only a minor element of NIAO's audit activity.</p> <p>This policy has limited scope to impact on section 75 groups. It is therefore considered that an EQIA is not needed.</p>

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<p><b><u>Human Resources</u></b></p> <p>7. NIAO Recruitment and Promotion</p>	<p>The appointment of people with the required ability, qualifications and aptitude to fill vacancies in accordance with business needs either by way of recruitment or internal promotion in accordance with relevant legislation (including equality legislation) and best practice (including the merit principle).</p>	<p>Human resource policies should be screened in.</p> <p>Questions were raised regarding the composition of the Office, the robustness of NIAO equality policies etc</p> <p>One consultee reported a significant under-representation of one section 75 category within the Northern Ireland workforce and advised that public authorities should review their practices and processes.</p>	<p>While NIAO is aware that recruitment and promotion is an area that may generally impact on various section 75 groups, it is satisfied that its policy is inclusive, promotes equality of opportunity for the various section 75 categories and provides for the selection of the best people for available jobs. It complies with the NIAO Policy Statement on Equal Opportunities which states that:</p> <p>“all employees and job applicants (actual or potential) will be treated fairly and selection for employment, promotion, training or any other benefit will be on the basis of ability, qualifications and aptitude for the work.”</p> <p>The majority of appointments in NIAO result from open competition. Of particular note, all middle and senior management appointments are via this route. Vacancies are advertised in the local press to target all of Northern Ireland, and on the NIAO website.</p> <p>Having examined a range of information, including:</p>

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<p><u>Human Resources</u></p>			<ul style="list-style-type: none"> <li>• NIAO recruitment and promotion monitoring and workforce composition statistics;</li> <li>• external data (Population Census, DETI Labour Workforce Survey etc); and</li> <li>• Department of Finance and Personnel documentation on its EQIA of Recruitment and Promotion (available on its website)</li> </ul> <p>the Office considers that its recruitment and promotion policy has not resulted in adverse impact in terms of section 75 groups obtaining employment and progressing in NIAO.</p>
<p>8. NIAO Terms and Conditions of Employment</p>	<p>Establishing and communicating the terms and conditions, including pay, superannuation, leave, hours of work and performance appraisal, which apply to contracts of employment between the NIAO and its staff, ensuring compliance with statutory requirements in relation to employment law.</p> <p>In devising and delivering this policy, NIAO must take account of conditions of employment in the National Audit</p>	<p>As at 7. above</p>	<p>As with Recruitment and Promotion Policy, NIAO is aware that this is a policy area that may have implications in general for section 75 groups. However, NIAO is content that its terms and conditions are broadly in line with best practice and do not impact adversely on section 75 groups.</p> <p>This policy is explicitly explained to prospective employees and any significant changes are discussed with Trade Unions.</p>

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<p><b><u>Human Resources</u></b></p>	<p>Office and the Northern Ireland Civil Service (as required under the Audit (NI) Order 1987).</p>		
<p>9. Training and development of staff</p>	<p>The aim of this policy is to develop staff to their maximum potential</p>	<p>As at 7. above</p>	<p>A strategic objective of NIAO is to value staff and develop their full potential.</p> <p>Training and development opportunities are provided to all staff. Of note, a Personal Development Planning Scheme is in operation across the Office which enables staff to be proactive in their own development and provides a constructive approach to acquiring knowledge and skills for effective performance of duties.</p> <p>There is no evidence of a differential impact arising from this policy area.</p>

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<p><b><u>Procurement</u></b></p> <p>10. Procurement</p>	<p>The acquisition of goods, services, works and other supplies in the most cost effective manner, consistent with legal requirements and quality of product.</p>	<p>Procurement policies:</p> <ul style="list-style-type: none"> <li>• have significant importance on equality of opportunity and good relations; and</li> <li>• represent an excellent opportunity to promote equality.</li> </ul>	<p>Over 70 per cent of NIAO's budgeted expenditure comprises direct payments on salaries and wages. Of the remaining expenditure, the bulk relates to financial audit support services (see Policy 2), services and items obtained through contracts/agreements managed by the Central Procurement Directorate in the Department of Finance and Personnel (DFP), and items such as rates, electricity and phones.</p> <p>NIAO procurement policy is determined by best practice.</p> <p>In screening this policy, NIAO has taken DFP's EQIA on Public Procurement Policy into consideration.</p> <p>It is concluded that there are no significant risks to equality of opportunity.</p>