

Northern Ireland Audit Office

Corporate Plan
2009-10 to 2011-12

DRAFT

Northern Ireland Audit Office

Our Vision

To promote accountability and the best use of public money.

Our Mission

To provide objective information, advice and assurance on the use of public funds; and

To encourage:

- ◆ beneficial change in the provision of public services;
- ◆ the highest standards in financial management and reporting; and
- ◆ good governance and propriety in the conduct of public business.

Our Values

Adaptability

We will embrace change through a proactive, flexible and innovative approach to our work – as individuals and corporately.

Equality

We will treat each other equally, fairly and justly. We will be unbiased in our audit work and in our dealings with suppliers of goods and services.

Integrity

We will observe the highest ethical and personal standards and be honest and objective in our work.

Making a Difference

We will plan, manage and deliver our work in a way which adds value by highlighting good practice and identifying and securing financial savings and other benefits. We will contribute to the interests of elected representatives, audited bodies and the public.

Professionalism

We will adopt and comply with the best professional standards, practices and methodology and consistently deliver work of the highest quality. We will search for continuous improvements in the economy, efficiency and effectiveness of our work.

Valuing Individuals

We will continue to employ talented people. As a good employer we will equip, encourage and develop them to their full potential. We will acknowledge an individual's contribution to a job well done.

Working Together

We will work together, listen to and support each other, share relevant information and respect different views. We will provide opportunities for everyone to contribute to corporate objectives and work co-operatively with colleagues at all levels to achieve them

Northern Ireland Audit Office
Corporate Plan 2008-09 to 2010-11

Contents

| Description | Page |
|--|-------------|
| Introduction | 1 |
| Chapter 1: Summary of Performance in 2007-08 | 7 |
| Chapter 2: Financial Audit – Central Government | 11 |
| Chapter 3: Value for Money Examinations – Central Government | 17 |
| Chapter 4: Local Government Audit | 25 |
| Chapter 5: Improving Governance and Combating Fraud | 31 |
| Chapter 6: Corporate Services | 39 |
| Chapter 7: Resource Requirement | 43 |
| Appendix 1: Departmental Expenditure Limit, 2007-08 to 2010-11 | 47 |
| Appendix 2: Reports Published in 2007-08 | 49 |
| Appendix 3: Trends in Number of Accounts Audited by NIAO | 51 |
| Appendix 4: National Fraud Initiative | 53 |

Introduction

1. Since the restoration of devolved government in May 2007 to the Northern Ireland Assembly (the Assembly), responsibility for oversight of the Northern Ireland Audit Office (the Office) has rested with the Audit Committee of the Northern Ireland Assembly. The Assembly has established this committee to exercise the functions laid upon the Assembly by Section 66 of the Northern Ireland Act 1998 to oversee the expenses of the Northern Ireland Audit Office.
2. This Corporate Plan covers the three years 2009-10 to 2011-12 and informs the Assembly Audit Committee of the Office's work programme and forward plans. The Plan will underpin the Resource Budget for 2009-10.
3. The Office aims to provide an audit service to the public sector which is based on recognised professional standards and which matches best practice in the United Kingdom.
4. In this planning period, the Office continues to have the following strategic objectives:
 - (1) to provide effective support to 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) to promote an effective and independent audit of local government bodies;
 - (3) to 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) to meet the requirements placed on the Office by legislation. This includes fulfilment of the Office's obligations under Section 75 of the Northern Ireland Act 1998 in relation to the promotion of equality of opportunity and good relations in all its policies and procedures; and
 - (5) to value staff and develop their full potential.
5. This Corporate Plan sets out the main features of the work programme for the next three years and how each of the four Divisions in the Office will contribute to meeting the strategic objectives.

Chapter 1 outlines the Office's main achievements in 2007-08, including completion of the audit of 240 accounts and production of 8 value for money reports.

Chapters 2, 3 and 4 examine the audit functions of the Office and the key priorities and developments over the Plan period.

Chapter 5 details the Office's key role in supporting departments on the issue of improving governance and combating fraud.

Chapter 6 focuses on the corporate services of the Office.

Chapter 7 sets out the Office's request for resources for the next three years.

Strategic Issues Facing the Office:

6. There are several factors (set out in Chapters 2 to 6) which carry over from last year's plan and continue to influence the level and complexity of the Office's workload and resource needs. These include the value and type of public expenditure and revenue under scrutiny, the financial and value for money risks arising, changes in the way services are delivered and the expectations of the Assembly and other stakeholders.

Supporting the Northern Ireland Assembly

7. The Office has an important role to play in terms of strengthening accountability and focusing on the delivery of public service improvements. It takes account of the interests of the Assembly and endeavours to ensure that its programme of work complements and reinforces the strategic aims and priorities of the Northern Ireland Executive. Consequently the restoration of the devolved administration has had major implications for the Office. Increases in activity have resulted from:

- ◆ servicing the Public Accounts Committee (PAC) of the Assembly. PAC has been meeting weekly to take evidence on the Office's Reports, comprising VFM reports and selected topics arising from the audit of accounts. PAC held 16 evidence sessions and a further 27 business and briefing sessions during its first year (17 May 2007 to 31 August 2008) and a further 3 evidence sessions and 2 briefings to date (8 October). As agreed with PAC, the Office provides it with a briefing prior to each evidence session;

- ◆ providing information and advice to PAC and the Audit Committee on general and specific accountability and audit issues; and
- ◆ handling specific enquiries on behalf of PAC and Members of the Legislative Assembly (MLAs). These are investigated thoroughly and often require significant resources.

Review of Public Administration

8. In 2002, Government commenced a Review of Public Administration in Northern Ireland. With the restoration of devolution the new Assembly took a fresh look at implementation of the review.
9. The review has been wide-ranging and in March 2006 decisions were set out in the Government's document 'Better Government for Northern Ireland'. The Executive has since introduced the legislation needed to implement many of the recommended changes.
10. Consequently there have been, and will be, further significant changes to the size and nature of many bodies and a rationalisation of the number of bodies. To date the impact has been in three main areas:
 - ◆ Health – Five new health and social care trusts have been created out of the merger of 18 existing trusts. A new Regional Health and Social Care Board will be established from 1 April 2009, replacing the four existing health boards.
 - ◆ Local Government – The number of district councils is to reduce from 26 to 11 by 2011-12. A range of central government functions will transfer to local government.

- ◆ Education – Five education and library boards and four non-departmental public bodies (NDPBs) are to be merged into two new bodies. In July 2008 the Executive agreed to establish the Education and Skills Authority (ESA) by April 2009 at the latest, and work is underway to achieve this.
11. We are looking carefully at the phasing of any further changes and the associated potential impact on the Office (see Chapters 2, 3 and 4).
 12. The extent to which the number of accounts to be audited will change over this planning period is estimated in Appendix 3. This includes RPA changes where decisions are known. The overall reduction in the number of central government accounts does not show through until the end of this planning period. This is because the reduction due to RPA is off set in the short term by the need to audit additional shadow¹ accounts. Although central government accounts will then reduce in number this is more than off set by the temporary increase in local government accounts in the same period.
 13. Any rationalisation offers economies of scale and potentially significant efficiency savings. However, the scale and phasing of this is difficult to predict as any period of amalgamations and radical structural change raises short term issues of increased control risks as bodies close and merge, functions transfer and the new bodies are faced with wider responsibilities. We will be alert to this in planning our work.

¹ A shadow account is prepared for the purposes of implementing a new accounting process or accounting standards. The shadow account is not used for reporting financial results in that year but to test effectiveness of the new system. The existing accounting and reporting process stays in place until the new process is established.

Quality Assurance and the Role of Audit

14. To ensure that taxpayers' money allocated to Northern Ireland is subject to the same standards of scrutiny as elsewhere in the UK, the work of the Office is underpinned by rigorous quality assurance arrangements.
15. The Offices quality control procedures are reviewed each year and the results are considered by the Management Team and the Board. Quality control is built into our work through the Office's policies on recruitment, training and continuing professional development, a Code of Conduct and operational guidance specific to the execution of our work. It is designed to ensure that the Office's work complies with best professional standards.
16. The Office liaises with the National Audit Office, Audit Scotland, Wales Audit Office, the Audit Commission, the Republic of Ireland's Audit Office and the accounting profession to ensure that its audit work in Northern Ireland keeps abreast of best practice. It participates in the Public Audit Forum, which was established by the public audit agencies to provide a focus for developmental thinking in public sector audit. The office also represented on the Public Sector Sub-Committee of the Auditing Practices Board.
17. When carrying out its audit work, the Office seeks to comply with the principles developed by the Public Audit Forum in its paper 'What Public Sector Bodies can expect from their Auditors'. Financial audit is conducted in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and is consistent with those professional auditing standards. The Office also aims to co-operate with and utilise the work of other review bodies, including internal audit, to improve the efficiency and cost effectiveness of audit, provide

a better service to clients and minimise overlap and duplication.

International Financial Reporting Standards (IFRS)

18. From 1 April 2009 the Northern Ireland Budget and the accounts of all public sector bodies in central government will be based on International Financial Reporting Standards (IFRS). Local government accounts will be prepared on this basis from 1 April 2010. Managing the resource implications of this for the audit process is one of the principal new challenges arising in this plan.
19. There will be a potentially significant impact on the budgets and accounts of central government departments arising from the implementation of IFRS. The consistent application of IFRS across the UK will be very important for settling budgetary transfers between HM Treasury (HMT) and the regions.
20. The Office will carry out additional 'dry run' audits of the 2008-09 shadow accounts prepared under these standards. This work will be in addition to our normal audit work for the 2008-09 accounts prepared under existing UK standards.

Other Challenges

21. There are a number of specific issues which the Office will be addressing in the period ahead:
 - ◆ meeting the need for increased audit coverage of new shared service IT systems such as Account NI and HR Connect;
 - ◆ supporting the strengthening of good governance in public services and between departments and arms length bodies;

- ◆ helping to deliver the Government's commitment to faster closing of accounts and to Whole of Government Accounts; and

- ◆ enhancing action by public bodies to combat fraud.

Forecast Net Resource Requirement

22. When the Assembly's Audit Committee considered the Office's previous Corporate Plan in November 2007, it endorsed proposals to increase resources at a rate of 2.9 per cent a year until 2010-11. However it was noted that there was considerable uncertainty about the 2009-10 and 2010-11 financial years.
23. In the short term a peak in work load is expected in the Financial Audit Division which arises from the introduction of International Financial Reporting Standards and increased audit coverage of new shared service IT systems such as Account NI and HR Connect. There is also a particular challenge to ensure that the quality of public accounts is maintained as public bodies are reorganised and restructured. Taking account of planned efficiencies from the merger of organisations due to the review of public administration, the Office aims to deliver this short term expansion and more complex programme of work with an annual increase in resources of 5.9 per cent in 2009-10.
24. The Plan shows increases in the subsequent two years of 2.9 per cent in 2010-11 and 2.8 per cent in 2011-12. These increases are at the expected levels of inflation.
25. This increase is expressed in terms of the net resource requirement, and is the amount requested from the Assembly as detailed in Chapter 7 and Appendix 1 of the Plan.

**Endorsement by the Assembly
Audit Committee**

26. The Assembly Audit Committee is invited to consider and endorse the Plan. This will allow the Office to develop firm proposals for its Resource Estimate for 2009-10.

Chapter 1: Summary of Performance in 2007-08

Public Sector Audit in Northern Ireland

1.1 Since 1987, the Comptroller and Auditor General for Northern Ireland has been supported by the Northern Ireland Audit Office, the successor body to the Exchequer and Audit Department. The Audit and Accountability (Northern Ireland) Order 2003 provided for the amalgamation of local government and health audit functions with the central government audit function in Northern Ireland.

Promoting Accountability and the Best Use of Public Money

1.2 The vision of the Office is to promote accountability and the best use of public money. In doing so it looks to maximise the impact of its work and develop measures which reflect this.

1.3 Public value is a concept which helps to identify the wider contribution made by audit. The National Audit Office is developing a public value framework in conjunction with other audit offices in the UK and Ireland. This sets out the benefits which arise from different aspects of audit work:

- **Objective reporting** on the management and use of public money gives greater transparency for the taxpayer;
- **Assurance** on the financial data produced by government bodies increases public confidence that the resources have been used as intended;

- **Improving operational processes** and practices provides better outcomes for the users of public services;
- **Delivering financial savings** gives direct economic benefits which can be used in other public programmes; and
- **Improving risk management** through better preventative measures and improved controls acts as a deterrent to irregular expenditure.

1.4 The role of audit contributes to maintaining the overall quality of Government decision-making and accounting and will be reflected in the level of public confidence in the proper conduct of public business. It is not possible to fully quantify all of the public value benefits of an effective audit regime. However, there are a significant number of impacts arising from specific audit recommendations which can be measured and tracked over time. For example, recommendations to improve value for money can help to deliver financial savings and quality improvements extending over a number of years. The National Audit Office has taken the lead in developing methodologies for measuring the impacts of audit recommendations.

1.5 This Office has followed a similar approach and we estimate that, in 2007-08, quantified savings and cost reductions of over £53 million were achieved as a result of our work. The Office has more than covered its cost. Prior to 2005-06, the ratio of financial impact to cost has varied between 2:1 and 4:1 but for the fourth successive year the Office's ratio of financial impact to cost is more than 5:1.

1.6 During the course of every audit, the Office seeks to promote improvements in accounting and in areas such as internal control and risk management. During 2007-08, audited bodies implemented 306 significant changes as a result of our recommendations.

Support to the Assembly and PAC

1.7 In 2007-08, the Office was reporting to the Assembly and contributed to their scrutiny of public expenditure in the following ways:

- ◆ meeting its target of providing independent audit opinions on 240 accounts, including 19 resource accounts;
- ◆ producing an annual report on the results of financial audit work, drawing the attention of the Assembly to significant accountability issues arising from the audits;
- ◆ publishing 8 value for money (VFM) reports. This was less than planned and in 2008-09 we plan to deliver 14 reports (see paragraph 3.4);
- ◆ provided a quality support service for the new Public Accounts Committee of the Assembly. During the year the Committee met weekly to take evidence, drawing on the stock of NIAO reports for its work programme. PAC held 16 evidence sessions and a further 27 business and briefing sessions during its first year;
- ◆ responding to all enquiries from elected representatives, members of the public, and ensuring that information from whistleblowers is handled appropriately;
- ◆ auditing the NI element of Whole of Government Accounts,

incorporating the accounts of central government, local authorities and health trusts on behalf of the National Audit Office; and

- ◆ working with departments to improve corporate governance in the public sector in Northern Ireland.

1.8 During the Assembly debate on the work of the Public Accounts Committee Paul Maskey asked the Assembly to take note of the Public Accounts Committees 17 reports and first composite report. He stated that;

"It is important for me, as Chairperson of the Committee, to explain the role of the Public Accounts Committee and the contribution that it makes to a better and more efficient delivery of public services"

1.9 In his speech he also acknowledged the work of the Office;

"I have come to recognise, not only the excellent work that the Audit Office does, but the quality of support that the Comptroller and Auditor General and his staff provide to the Public Accounts Committee — I thank him and his staff for that help."

Support to Audited Bodies

1.10 In addition, the Office maintained a high level of audit support for audited bodies in meeting the challenge of producing good quality accounts. For example, during the course of every audit, the Office seeks to promote improvements in accounting and in areas such as internal control and risk management.

1.11 The Office also continued to liaise closely with the Republic of Ireland C&AG's Office in Dublin over the development of the approach to

auditing the six North-South Implementation Bodies.

practice lessons are disseminated throughout the public sector and taken into account in projects going forward.

Audit of Local Government

- 1.12 The local government auditors were responsible for the audit of 29 local government accounts, alongside the audits of district policing partnerships and the certification of grant claims.
- 1.13 The local government body accounts have been produced to an earlier timetable following the Local Government (NI) Order 2005 which requires councils to publish accounts by 31 October.

Promoting Good Practice in PFI

- 1.14 The Office's work on the Public Finance Initiative (PFI) continues to highlight best practice and promote the extensive lessons emerging from the experience of PFI in other regions.
- 1.15 Our 2007 report on land deals associated with the first wave of school projects included important recommendations on the effective and efficient management of public sector assets.
- 1.16 In June 2008 we published a report on the PFI Land Registers' (LRNI) £78 million LandWeb project. During the plan period we intend to publish reports on the Road Services Package 1 and Northern Ireland Water Service: Alpha PPP Project, two major PFI/PPP deals.
- 1.17 In addition to promoting best practice through the traditional medium of published reports, staff have spoken at conferences, shared the platform with public and private sector speakers at seminars and workshops organised by individual departments and contributed articles to relevant publications. Close co-operation with the Department of Finance and Personnel also ensures that best

Chapter 2: Financial Audit – Central Government

Objectives and Targets

2.1 Financial audit contributes to the Office's objectives at paragraph 4 of the introduction to this plan. Its prime function is to provide independent assurance, information and advice to the Northern Ireland Assembly on the proper accounting for and use of, public resources. A secondary, but nevertheless important, objective is to assist audited bodies to improve their financial and risk management.

2.2 The objectives are achieved in the following ways by:

- ◆ providing assurance that financial statements audited by the Office give a true and fair view, have been properly prepared in accordance with relevant accounting and other requirements, and are in accordance with the authorities which govern them;
- ◆ identifying, assessing and examining risks to propriety and financial control in central government bodies and reporting on significant weaknesses to the Northern Ireland Assembly; and
- ◆ providing audited bodies with constructive advice that will help them improve their corporate governance, risk management control and reporting.

2.3 The targets for financial audit in each year of the Plan period are:

- ◆ to certify 283¹, 160 and 158 accounts respectively (see Appendix 3) and report on all significant accountability issues;
- ◆ to audit, within the statutory timetable, all resource accounts which are prepared to the required standard and submitted on time;

¹ The 283 Accounts include 106 IFRS Shadow Accounts which are for one year only.

- ◆ to audit all significant accounts within three months of receiving final accounts from the audited body;
- ◆ to achieve efficiency savings of more than three per cent on those audits where like-for-like comparisons can be made year-on-year; and
- ◆ to complete, within the statutory timetable, the audit of Whole of Government Accounts.

Audit Field

2.4 The Office examines and certifies the accounts of all Northern Ireland departments and a wide range of other public sector bodies including executive agencies, executive NDPBs and health and social care bodies. Its existing workload includes audits undertaken on behalf of the National Audit Office. A more detailed analysis is included at Appendix 3.

2.5 In 2007-08, the size of the public expenditure block allocated to Northern Ireland was over £17 billion. However, expenditure and revenue transactions, including intra-public sector transfers, were estimated to total over £58 billion. In addition, assets and liabilities together totalled an estimated £131 billion.

2.6 Those bodies where the C&AG is not the appointed auditor, but has rights of access, include housing associations, higher education institutions, voluntary grammar schools, grant-maintained integrated schools and other entities such as the Northern Ireland Transport Holding Company, Northern Ireland Water Limited and public private partnerships. Inspection rights can be used to bring any material matters to the attention of the Northern Ireland Assembly.

2.7 The extension of the C&AG's powers to audit limited companies was included in the Companies Act 2006. This was of particular significance in Northern Ireland, due to a range of problems in bodies set up as companies limited by guarantee which previously fell

outside the full scope of the C&AG's remit. Since 1 July 2008, thirteen public sector limited companies named in the Companies (Public Sector Audit) Order (Northern Ireland) 2008 are now subject to the C&AG's standard audit processes. Practical details are being worked through and contact is being made with the bodies concerned. Once further information is obtained on a small number of similar bodies, additions may be made to this list of bodies in future years.

Review of Public Administration

- 2.8 The number of central government accounts to be audited is expected to decrease as a result of the Review of Public Administration. In the health and social care sector reorganisation has already commenced (see paragraphs 2.9 to 2.12 below) and in the Plan period it is anticipated that reorganisation will take place in the education sector. Five education and library boards and four NDPBs are to be merged into two new bodies. The reduction in the number of accounts audited, though often leading to more complex organisations and accounts, will however offer economies of scale and lead to potential efficiency savings. Initially there will be a need for more intensive audit scrutiny to monitor the changing face of administration. It will be a particular challenge to ensure that the quality of public accounts is maintained as public bodies are reorganised and structural changes will raise issues of increased control risks within the new bodies faced with wider responsibilities.

Health and Personal Social Services (HPSS) Bodies

- 2.9 During 2008-09, our audit of bodies within the health and social care sector included four health and social services boards, five new health and social care trusts which had been established on 1 April 2007, the regional ambulance trust and six agencies. The five new trusts had been created out of the merger of 18 existing trusts as a part of the reorganisation which resulted from the Review of Public Administration. The old trusts were

disestablished at 31 March 2007.

- 2.10 The original proposal to also disestablish the four health boards at 31 March 2008 was reversed on the return of devolution and these bodies will continue in place until 31 March 2009, after which they will be replaced by a new Regional Health & Social Care Board from 1 April 2009. Three other new bodies will also be established at this date and the functions of a number of existing smaller bodies will transfer to these new bodies.
- 2.11 For the financial year 2006-07, the 29 bodies in the then health and personal social services (since referred to as the health and social care sector) produced 72 accounts, which were largely audited in 2007-08 (see Appendix 3). The number of bodies audited in the following year fell to 16 (32 accounts) and reorganisation will reduce this further to 13 bodies (25 accounts) by 2011-12, on the basis of our understanding of current restructuring proposals.
- 2.12 The greater proportion of this work continues to be contracted out to accountancy firms in the private sector, but the C&AG retains responsibility for the financial audit of all health and social care bodies. Whilst the proposals have reduced the overall number of health bodies to be audited, they have also led, through these mergers, to more complex organisations which require much more audit input, not only in the final audit of the accounts, but also in the level of discussions with, and the advice given to, audited bodies.
- 2.13 Other key developments impacting on financial audit in the Plan period are outlined below.

Faster Closure of Resource Accounts

- 2.14 Since 2002-03 departments have been required to produce resource accounts and some departments produce more than one account. In each year of the planning period, the Office will audit 20 resource accounts, including two on behalf of the National Audit Office (the Northern Ireland Office and the Northern Ireland Court Service). The Government Resources and Accounts Act (Northern Ireland) 2001 requires that resource accounts should be audited by the C&AG by 31 October and presented to the Northern Ireland Assembly by 15 November each year. However, Government's faster closure initiative required resource accounts to be laid before the Assembly by the summer recess in 2008.
- 2.15 Fourteen out of 20 Northern Ireland resource accounts were audited by the 2008 summer recess deadline and the two National Audit Office accounts also met the Parliamentary recess deadline. Of the six accounts that did not achieve the deadline, two were because of the implementation of the Account NI accounting system within those departments (see paragraphs 2.18 and 2.19 below for details of the Account NI system). The attainment of the summer recess deadline for the first time was a significant achievement for both the departments concerned and for financial audit. Nevertheless, the ongoing achievement of the timetable for the completion of the resource account audits by the summer recess presents a significant challenge for financial audit. We are continuing to work closely with departments to ensure delivery of these targets.
- 2.16 We have continued to apply a number of strategies to meet the faster closure deadlines. The success of financial audit in meeting the faster closure deadlines to date continues to be strongly dependent upon good communication between the Office and departmental staff. In addition, good project and resource management are vital within both the department and financial audit if targets are to be met. A key aspect of the achievement of the faster closure deadline has been the move by

departments towards the production of high quality interim accounts.

- 2.17 The production of resource accounts is now strongly embedded in departments and this has been evidenced by a steady reduction in the number of accounts receiving qualifications. However, the full benefits of resource accounting will only be realised when there is full synchronisation of budgeting and resource accounting processes. The Office will continue to work with departments to encourage, for example, the production of monthly management accruals accounts alongside the introduction of new information technology in accounting systems. We will also continue to seek opportunities to provide assessments and advice on faster closure to departments.

Shared Services: Account NI

- 2.18 Account NI is a project set up by DFP with the aim of developing and implementing a common accounting system throughout the NICS. The development of Account NI has involved all government departments and has now reached the stage where four government departments have migrated onto the new system. The remaining departments will implement the Account NI system in waves and transfer to Account NI in 2008-09 and 2009-10.
- 2.19 The implementation of the Account NI system is quite a radical change to the accounting process by departments and some "teething" difficulties have arisen. Additional resources will be required to complete the audits in the early years.

Shared Services: HR Connect

- 2.20 Another DFP project is the implementation of a common human resources (HR) system across the NICS. It is anticipated that the payroll function of this new system will go live in autumn 2008. This will affect the audit of most central government bodies' 2008-09 accounts. Given the scale of this new project it is

anticipated that additional resources will also be required to audit this new system.

- 2.21 As the delivery of public services through e-government expands, the Office needs to ensure that it is well placed to respond to the complexity of IT systems, has the capacity to assess these new risks, and to understand the impact that IT can have on the financial audit opinion.

International Financial Reporting Standards

- 2.22 The transition from UK Accounting Standards to IFRS and the IFRS version of the Treasury's Financial Reporting Manual (iFReM) is the largest change to UK public sector financial reporting since the introduction of resource accounting. Adapting to this is the main challenge facing our financial audit work in this plan. In Northern Ireland, 'shadow' 2008-09 IFRS accounts are to be prepared by 30 September 2009 and audited by 31 December 2009. This means that NIAO will in effect have to audit the 2008-09 accounts twice for departments and other bodies subject to the iFReM, once under the existing financial reporting regime, and again under the iFReM. This will have a significant resource implication for the Office.
- 2.23 Listed companies in the private sector implemented international standards in 2005 and the experience of auditing firms was that there was a substantial additional workload in the first year; a workload that had been substantially underestimated. The introduction of IFRS within the public sector is therefore a major challenge for us.
- 2.24 Some of the new standards are technically complex. This will undoubtedly have a significant resource implication for the Office, particularly during 2009-10, in terms of additional training need and increased time spent auditing revised accounts. To equip staff to undertake this work we have a training

programme in place. Considerable professional adaptability will be required as staff progress from one regime to another and are required to assess financial information on the basis of two different frameworks.

Whole of Government Accounts

- 2.25 The Government deferred the implementation of published Whole of Government Accounts until 2009-2010. In 2009-2010 Whole of Government Accounts will be prepared in accordance with International Financial Reporting Standards. Whole of Government Accounts includes all UK central and local government activities. The Office audits the Northern Ireland element of Whole of Government Accounts, incorporating the accounts of central government, local authorities and health trusts on behalf of the National Audit Office. NIAO directly audits most of the consolidated bodies which greatly assists effectiveness.

Contracted Out Audits

- 2.26 In financial terms 26 per cent of our financial audit costs, is contracted out to private sector firms. This is unchanged from last year and is in excess of the recommendations of the Sharman Report² and reflects the high proportion of contracted out audits which the Office inherited on gaining responsibility for health sector audit. We will monitor this area closely over the planning period to ensure the quality and cost effectiveness of the arrangements. This will be particularly important as we go through the implementation of the recommendations of the Review of Public Administration.
- 2.27 While a considerable number of the additional audits for which the Office will be required to take responsibility will be contracted out, the

² The Sharman Report published on 13 February 2001 recommended improvements in the arrangements for accountability and audit of public sector bodies. This included a target that public audit agencies contract out 25 per cent of audit work.

intention is still to try to reduce the overall proportion of contracted out audits while extending the range of audits covered.

- 2.28 The financial statements of contracted out audits are of course still subject to certification by the C&AG. The work is therefore carefully managed and is subject to quality assurance review before the C&AG provides his audit opinion. Regular meetings are held with contractors and support is given to audit committees.

PFI/PPP Developments

- 2.29 The Office continues to review the accounting treatment of proposed PFI/PPP projects to ensure that assets are properly accounted for on or off the balance sheets of public bodies, and to ensure that there is consistency between different bodies for similar projects. This review takes account of the current technical accounting guidance, but in some cases, finely balanced judgements need to be made, so we have subjected a sample of our audit judgements on the proposed accounting treatment of some projects to independent scrutiny by the University of Ulster. To date, the University has concurred with the views we have given on each case.
- 2.30 With the implementation of International Financial Reporting Standards from 2009-10, there is an expectation that many PFI projects will have to be accounted for on balance sheets, for the first time and we will monitor developments in this area.
- 2.31 The Office has reviewed the proposed accounting treatment of projects in the education, health, water and roads service sectors in addition to accommodation and major IT projects. Over the planning period we will continue to provide departments and their advisers with the support required to progress these projects. It is, however, the value for money expected from individual projects which should be the determining factor as to whether a project goes ahead, and whether progress on

projects should be via traditional procurement or through the use of some form of PFI/PPP.

International Standards on Auditing

- 2.32 Another key change within the accounting and auditing profession, and the public sector in particular that will impact on the work of the Office over the planning period, are developments in International Standards on Auditing. It is anticipated that there will be an increase in the volume of mandatory audit procedures and higher standards of documentation.

Quality Assurance

- 2.33 In 2008 the Office's quality control policies and procedures were updated. This involved re-assignment of operational responsibility for the various components of the quality control system to senior staff.
- 2.34 The Office's audit quality control procedures are based on assignment manager and director reviews before audit certificates are signed. Reviews include an assessment of the suitability of the audit team to undertake an assignment and in cases where audits are categorised as high risk or have public interest concerns an independent director undertakes a further review.
- 2.35 An annual programme of cold reviews is conducted on a sample of audits. These take place after an account has been certified and are led by an independent director. The sample is broadly representative of account type and complexity and the evaluation includes an assessment of the appropriateness of the opinion given. The aim is to provide the C&AG with an assurance that sufficient and appropriate evidence has been collected and evaluated, and that the financial audits of the Office comply with professional standards and Office policies. Reviewers are also encouraged to offer any observations on how the efficiency of the audit in question could be enhanced. In support of these arrangements a reciprocal

agreement has been in place between the Office and National Audit Office to review a number of each other's audits. This provides the opportunity to exchange ideas, insights and methods between the Offices and provides the C&AG with additional assurance that the Office satisfactorily complies with the Office audit standards and guidance.

Efficiency

- 2.36 The Office plans and organises its work to ensure that the C&AG can express his opinion on an account in the most cost-effective manner.
- 2.37 The main measure of efficiency is the annual pressure to reduce costs of individual audits within established standards of audit practice. However, there must also be flexibility to pursue important audit issues when these are discovered. Costs of each audit are monitored carefully from year to year and overall, the Office has a good record of achieving projected efficiency savings when allowance is made for changes in the nature, scope and volume of audit.
- 2.38 For those accounts where like-for-like comparisons can be made, the overall cost of audit in 2007-08, in real terms, was more than eight per cent below the 2006-07 outturns. Key factors contributing to this result are automated processes and better targeting of audit resources in areas of greatest risk.
- 2.39 Over the planning period we expect to achieve further efficiencies as audited bodies improve their financial management and controls.

Impact of Financial Audit Work

- 2.40 The main benefits flowing from the Office's financial audit work are the assurances to the Northern Ireland Assembly that public resources are being used in the way intended

and that reliance can be placed on financial statements. The 'deterrent effect' of audit cannot be measured precisely but should not be underestimated. The knowledge that accounts will be subject to rigorous and probing audit is a positive influence on the day-to-day decisions of management to observe the principles of good corporate conduct, propriety and regularity.

- 2.41 During the course of an audit, we look for opportunities for improvements in accounting, internal control and risk management and, whenever possible, potential for improving value for money. During 2007-08, audited bodies implemented some 190 significant changes as a result of recommendations arising from our financial audit work.

Reports for PAC

- 2.42 Results from our financial audit work will also provide evidence which will be of interest to PAC. We produce an annual General Report which summarises the results of our audits including reports published as a result of our audit findings. These can include accounting problems but also concerns over governance, propriety and regularity.
- 2.43 Two financial audit reports led to PAC hearings during the past year. One was on the Statement of Rate Levy for 2006-07. This hearing was held in September 2008. The other related to the problems at the Child Support Agency and the hearing was held in February 2008.
- 2.44 Our on-going financial audit work will continue to be an important source of evidence to PAC.

Chapter 3: Value for Money Examinations – Central Government

Objectives and Targets

3.1 Value for Money (VFM) audit contributes to the Office's objectives in the introduction to this Plan. Its prime functions are to:

- ◆ provide the Assembly with independent information and advice about how economically, efficiently and effectively departments, agencies and other public bodies have used their resources;
- ◆ encourage audited bodies to improve their performance in achieving value for money and implementing policy; and
- ◆ identify good practice and suggest ways in which public services could be improved.

Audit Field

3.2 We carry out studies in Northern Ireland departments, executive agencies and other public bodies where the C&AG is the appointed auditor or has rights of access and inspection (including work on behalf of the National Audit Office). This gives rise to a large and diverse audit field.

Volume of Work

3.3 A structured approach is adopted in the selection of topics on which to report, and an annual programme is prepared which prioritises the subjects to be examined. Studies are selected for inclusion in the programme on the basis of factors such as the potential for improving value for money and interest on the part of the Assembly.

3.4 The main VFM outputs of the Office are the C&AG's Reports to the Assembly on which evidence may be taken by PAC. The target for the VFM division is to deliver eleven published reports in each year of the planning period. However in 2007-08 only eight reports were published. These are listed at Appendix 2. The priority during 2007-08 was the provision of a quality support service for the new PAC. During

the year the Committee met weekly to take evidence drawing on the stock of our reports for its work programme. In 2008-09 we plan to make up the backlog from last year and deliver 14 reports.

3.5 The Office's programme of VFM work:

- ◆ **contributes to continuous improvements in the quality and efficiency of public services.**
 - our study on Warm Homes examines ways in which public funds could be better targeted at those in need.
 - our study on Obesity and Diabetes looks at how health promotion could be more effective in preventing the initial occurrence of a chronic disease like diabetes by influencing the risk factor of obesity;
 - our study on Adult Literacy and Numeracy looks at the action taken by the Department for Employment and Learning to raise literacy and numeracy skills in Northern Ireland.
- ◆ **reflects the growing emphasis on performance management in the public sector.** Our work programme includes a Review of the Performance of the Health Service in Northern Ireland;
- ◆ **adapts to developments in the way public services are delivered.** Our study on Shared Services for Efficiency found that these new services (such as the Common Accounting System) have led to the development of more effective programme management arrangements that align with good practice. However, we also found that some projects have encountered difficulties which have produced challenges for the Department of Finance and Personnel;

- ◆ **identifies and promotes good practice, so that experience is shared and risks minimised.** Our current study on delivery of Public Services through the Voluntary and Community Sector aims to identify good practice which can be disseminated to both providers and recipients of funding;
- ◆ **highlights areas where there is potential for major savings in public expenditure.** Sickness absence is currently costing the Northern Ireland Civil Service £25 million per year. Our study on this topic has identified major potential for reducing the level of absenteeism and securing financial savings;
- ◆ **examines cross-cutting themes.** Our study on the Gateway Review process should help to identify potential for improvements in the way major programmes and projects are managed across the public service;
- ◆ **supports good governance.** Our study on the Resettlement of Learning Disability Patients will examine the governance arrangements in place to ensure that long-stay hospital patients are discharged into the community in an appropriate and timely manner; and
- ◆ **follow-up of PAC recommendations.** With the Northern Ireland PAC in full operation, the Office has an important role to play in assisting the Committee's oversight of the extent to which recommendations in previous reports have been implemented. We have recently completed a review of the Department of Regional Development's progress in implementing the PAC's recommendations on Road Openings by Utilities. Our programme also includes an examination of the Department of Education's progress in addressing PAC concerns about the management of substitute teachers.

Audit Approach

- 3.6 The production of VFM reports is carefully managed. For each investigation a timetable is prepared, setting dates for completion of the main stages leading up to the report to the Assembly. However, achievement of the target dates is dependent on the quality of financial and management information available from auditees; on our performance in completing fieldwork and drafting reports and on the co-operation of departments in responding to queries and commenting on drafts. Reports are often critical of departments, but every effort is made to liaise with senior management, during the course of studies to maintain good relations and ease the process of clearance.
- 3.7 During direct rule, a small number of reports were taken each year by the Westminster PAC. However, following the return of the Assembly we expect that nearly all of the published reports will be taken by the local PAC. Since its first meeting in May 2007, the Committee has had a heavy programme of work addressing the backlog of reports and current topics. During the 2007-08 session it produced 17 reports, containing 274 recommendations aimed at improving public administration. It is clear that this increased commitment to the PAC will place significant demands on our VFM capacity during the currency of this plan.
- 3.8 We respond to enquiries from Assembly Members and members of the public on a range of value for money issues. These can lead to significant investigations and, in some cases, to published reports. Increasing media coverage of work by PAC and this Office has resulted in a greater awareness of our role, and has given rise to a related increase in the number of requests from elected representatives and the public. In 2007-08 we responded to 32 enquiries from elected representatives. It is anticipated that the increased interface with elected representatives will continue to have an

impact on the Office's programme of VFM work.

- 3.9 The final report of the Review of Environmental Governance, published in May 2007, recommended that the Office's capacity to undertake audits on environmental matters should be increased. We are conscious of the increasing public interest in environmental issues and this will be taken into account in drawing up our future work programme.
- 3.10 The Office shares information on its forward work programme with other audit agencies in the Public Audit Forum and looks for opportunities to draw on experience in other regions. We liaise with colleagues in other audit offices and will provide information to enable their work and ours to have a broader context. We are currently planning work on the use and management of hospital locum doctors an area which also features in Audit Scotland's forward work programme. It is our intention to meet and exchange ideas with our Scottish colleagues on the issues involved and how best to approach this topic. We have also provided advice and support to the Local Government Auditor's new VFM team in the Republic of Ireland.
- 3.11 The C&AG and a VFM Director gave evidence to the Public Accounts Committee of Tynwald in June to advise them on the arrangements to strengthen their VFM function in the Isle of Man. The Office has offered to provide training and other support for the Island's C&AG function when this is established.

Public Finance Initiative (PFI) / Public Private Partnership (PPP) Developments

- 3.12 The Investment Strategy for Northern Ireland (ISNI 2008-18) launched in the Assembly in January 2008 set out the Executive's long-term plans for infrastructure investment. The strategy, published alongside the Programme for Government, sets out a potential

infrastructure programme of around £6 billion over the next three years and some £19 billion over the next ten years. The programme will be funded from NI Executive funds, supplemented by receipts from the planned disposal of surplus government assets, borrowings under the Reinvestment and Reform Initiative and private finance through PFI/PPP projects. Up to the end of 2007-08 the total capital value of signed PFI agreements stands at £1.3 billion and unitary payments of £4.8 billion have already been committed up to 2039-40. It is anticipated that further agreements with a capital value of £1.9 billion will be signed over the period of this corporate plan.

- 3.13 Our 2007 report on the land deals associated with the first wave of school projects included important recommendations on the effective and efficient management of public sector assets. Since the publication of the report a Capital Realisation Taskforce has been established that has reported to the Executive on the scope for more efficient and effective use of the asset base held by departments and through realising additional resources from the disposal of surplus or under utilised assets.
- 3.14 In June 2008 we published a report on the PFI Land Registers' £78 million LandWeb project. The report examines the background to the project, the reasons for the extension to the original agreement, the project management and governance arrangements and whether the system is delivering the expected benefits. Our recent Shared Services for Efficiency report provided an early progress report on projects, with a value of £3 billion, taken forward as part of a major programme of reform in the Northern Ireland Civil Service. This report examines a number of major PFI deals including Workplace 2010 and HR Connect.
- 3.15 During the plan period we intend to publish reports on the Road Services Package 1 and Northern Ireland Water Service: Alpha PPP

Project, two major PFI/PPP deals. The Roads project has a capital value of £142 million and the Water Service project is an important part of its capital investment programme, ensuring compliance with standards and protecting the environment.

- 3.16. The concept of exemplar design featured prominently in our recent report on the new PFI Laboratory and Pharmacy Centre at Altnagelvin Hospital where the Western Health and Social Care Trust produced a well researched and comprehensive design brief in advance of the main tender process, including consultation with end users. Bidders were invited to either adopt and/or improve upon the exemplar design. We will continue to pay attention to the application of exemplar design and use made of competitive dialogue in the procurement process.
- 3.17. A review aimed at assessing the design quality of new and refurbished schools and identifying good practice and areas with scope for improvement is also underway.
- 3.18. As well as developing and enhancing our reporting to the PAC, we have also given evidence to the Finance and Personnel Committee of the Assembly on the lessons arising from previous PFI projects in Great Britain and Northern Ireland.

Quality

- 3.19. A key test of a VFM Report is whether it would be capable of underpinning a useful PAC hearing and give rise to measurable impacts. Although we have received positive feedback from PAC members on the material provide for sessions, it is a continuing challenge to ensure that reports make the best use of the Committees time. Quality of reports is maintained and improved by a range of means, including:

- ◆ the clearance of draft reports with the audited body to ensure that PAC is presented with an agreed report on which to base its examination;
- ◆ consultation with interested parties including beneficiaries of services. Our study on the Management of Challenging Behaviour in Schools will make use of case studies detailing the experiences of various schools in dealing with disruptive pupils. Our study on the Resettlement of Learning Disability patients involved visits to community supported living units to gain a direct understanding of how these operated in practice and to ask how those living there found the experience; and
- ◆ internal and external quality reviews of work. Internal review procedures are intended to ensure that quality is considered in a co-ordinated way and that action is taken to introduce general improvements when strengths and weaknesses are identified. An external quality assessment of each published report is undertaken by a panel of independent members, selected for their academic and senior public sector experience. Focus is placed on report presentation, technical content and quality of recommendations. For the reports published in 2007-08 ratings averaged at 3.3 on a scale of 1 to 5. The final rating for individual reports is published on our website (www.niauditoffice.gov.uk)

Efficiency

- 3.20 Most VFM studies are major pieces of research, involving lengthy investigation of departmental records and careful clearance of the facts. They have to provide authoritative information for the Assembly and serve as a basis for a PAC evidence session. We strive to contain the cost of our studies through:
- ◆ the production of tighter, more focused reports, with a strict limit on length;

- ◆ strengthened project planning and management. During 2007-08, the VFM Division embarked on a major new initiative, to develop a comprehensive project management and information system called 'PROMIS'. Following a detailed planning and design phase, in which the Office worked closely with external experts, all of the Division's staff attended a series of workshops to equip them with the necessary skills to apply the new system. The implementation phase of the project went live in April 2008 and, over the course of the next year, all full studies will migrate to the new system.
- ◆ The specialisation of staff in VFM work has also contributed to efficiency. Appropriate skills are developed by a training programme which can draw on expertise from the National Audit Office on selected studies. In house expertise is supplemented by effective use of consultants which cost £77,000 in 2007-08.

Impact of VFM Work

- 3.21 It is important to bear in mind the difficulty of measuring the full impact of VFM work. In addition to the specific improvements which are made following our investigations, audited bodies often make changes during investigations or when they are aware that a study is to be carried out – this has been noted frequently by PAC in its evidence sessions with Accounting Officers. In many cases, recommendations lead to identifiable savings and quality improvements extending over a number of years. The following gives a broad indication of the impact of recent VFM reports:
- ◆ an analysis of the action taken by audited bodies as a follow up to PAC reports issued in 2006-07 and 2007-08 showed that 82 per cent of the changes recommended had been fully accepted

and that 34 per cent were already implemented; and

- ◆ in 2007-08:
 - audited bodies made 116 significant improvements in response to our recommendations;
 - quantified savings of £53 million were recorded; and
 - waste totalling £21 million was identified.

3.22 The C&AG has drawn the attention of the Assembly's Audit Committee to the HM Treasury Letter of October 2006, which offers a cautionary perspective on these performance measures. Nevertheless the figures do serve as a broad assurance that the costs of the Office are recovered many times over in the savings and efficiency gains we help to provide.

3.23 We do look for opportunities to produce reports which recognise positive good practice. An example was the report on Good Governance - Effective Relationships between Departments and their Arm's Length Bodies which was the subject of a PAC evidence session in March 2008.

PAC's Use of VFM Reports

3.24 The impact of our VFM reports is significantly enhanced where these are taken forward in a PAC session, with the Committee adding the weight of its own findings and recommendations. The following examples illustrate the type of impacts that have been achieved, or where scope has been identified for departments to improve their performance, as a result of PAC reports:

- ◆ **Springvale Education Village Project (HC 40, 30 November 2006)** – PAC examined the

circumstances surrounding the failure to deliver a £67 million University Campus and Applied Research Centre in Belfast. Its report included a series of recommendations aimed at improving the management of major projects which involve partnerships. For example, they highlighted the need for open and constructive relationships between project partners and underlined the importance of each partner assessing project viability and affordability at an early stage and carrying out regular updates.

- ◆ **Use of Consultants (NIA 16/07/08R 10 January 2008)** - in its report on departmental use of external consultancy organisations, PAC made a number of recommendations on areas such as the need for departments to work together to reduce their dependency on external consulting; and the need for effective working arrangements across departments to harness their collective purchasing power, share information, and anticipate and fill in-house skills gaps. PAC highlighted that all external consultancy projects must be supported by an appropriate business case, tendered competitively, managed closely to avoid overruns and fully evaluated;

- ◆ **Northern Ireland's Road Safety Strategy (NIA 1, 4 September 2007)** - given Northern Ireland's historically poor road safety record, PAC considered that any new road safety targets emerging from the Strategy review should seek to close the performance gap with the rest of the UK and better-performing European countries. In light of the on-going increase in motorcyclist deaths and injuries, the Department of the Environment accepted the Committee's view that there was a need for proper

regulation of instructors and compulsory basic training for motorcyclists. PAC also drew particular attention to the scale of collisions caused by drink-driving and recommended a review of the drink-driving limit, which the department undertook to do as a matter of priority. In addition, they recommended that the Police Service of Northern Ireland (PSNI) increase its level of screening for drink- and drug-driving to levels comparable to other UK police services. Since speed is still the biggest cause of deaths and serious injuries on the roads, PAC regarded it as imperative that PSNI acts quickly to improve its performance in the detection and processing of speeding offences;

- ◆ **Social Security Benefit Fraud and Error (NIA73/07-08, 23 January 2008)** – in its report on Social Security Benefit Fraud and Error, PAC concluded that despite improvements in the performance of the Social Security Agency, the levels of benefit error and fraud remained too high. It considered that much more could be done to reduce these levels. PAC recognised that the benefit system is inherently complex and that good work is being done by Agency staff to deliver services to their customers but it was concerned that almost half of overpayments are due to Agency staff error. The report welcomed staff training and fraud awareness programmes that the Agency is introducing in response to a report by this Office and the work being done by the Agency, as part of its counter fraud and error strategy, with the Public Prosecution Service to obtain more successful prosecutions. It also indicated that co-operation with other agencies should be explored to better identify and tackle organised and complex fraud. PAC made a range of detailed recommendations aimed at

improving the impact of the Agency's efforts to tackle fraud and error;

- ◆ **Older People and Domiciliary Care (NIA 24/07/08R 10 April 2008)** – in its report, PAC noted its disappointment with the extent to which the Department of Health, Social Services and Public Safety (DHSSPS) had transformed the care system for the elderly. It called for greater flexibility in provision of care services, to allow more elderly people to remain independent, living in their own homes for as long as possible. Continuing delays in arranging care for elderly patients discharged from hospital were considered unacceptable and indicative of poor liaison across Boards and Trusts – especially in sharing examples of good practice. In recognition of the invaluable contribution of informal carers (family and friends), PAC urged the Department to improve the level of support available. Similarly, given the recruitment and retention problems experienced within the independent sector, it recommended that the Department take steps to improve the status and esteem of the social care profession. PAC advised the Department that it expects assurance on the quality of service delivered to the elderly and recommended that this be gathered through a system of regular surveys and inspections; and

- ◆ **Job Evaluation in the Education and Library Boards (NIA 60, 29 June 2007)** – the PAC report examined the introduction of a job evaluation scheme in non-teaching posts in the Education and Library Boards which had cost at least £124 million and taken over a decade to implement. The report drew attention to the inadequate planning arrangements and the fact that, because of a flawed pilot exercise, the

scheme had started on the basis of ill informed assumptions about affordability which meant that significantly more staff than expected were upgraded. PAC also criticised the failure to put in place proper financial management measures at the start of the scheme in order to retain control of the substantial resources being allocated and to minimise the impact on other services. It also drew attention to the weaknesses in the Department of Education's oversight of the scheme and the failure to ensure that job evaluation was linked to efficiency and productivity. PAC felt that many of the problems which arose could have been avoided or their impact minimised if the exercise had been managed properly from the outset. It recommended that, in any future major schemes, the Department must establish and maintain an effective system of basic strategic controls over the operation of the process within its non departmental public bodies.

Chapter 4: Local Government Audit

Introduction

- 4.1 The Department of the Environment for Northern Ireland (DOE), with the consent of the C&AG, designates staff of the Office as Local Government Auditors, who are responsible for the audit of local government bodies (the 26 District Councils, Arc 21 Joint Committee, the Local Government Staff Commission and the Northern Ireland Local Government Officers' Superannuation Committee).
- 4.2 A Division of the Office, headed by the Chief Local Government Auditor, is responsible for the audit of these bodies. In addition the Division undertakes the audits of the Northern Ireland Housing Executive and the Northern Ireland Fire and Rescue Service for sign-off by the C&AG. Audit fees, which are based on full cost recovery, are recouped from all these bodies.

Objectives and Targets

- 4.3 Since 1 April 2003, when the Audit and Accountability (Northern Ireland) Order 2003 took effect, local government audit staff have been integrated within the overall structure of the Office, while fully maintaining the quality of audits and service to the DOE and local authorities. Integration has been enhanced by the movement of staff between divisions and the Office will seek to further develop this over the planning period. In May 2007 Local Government Audit staff moved from City Hall into the refurbished NIAO offices in University Street further assisting working relationships.
- 4.4 The following targets have been set for the work of the Division:
- to audit all local authority accounts which are prepared to the required standard and submitted on time, by the end of October or within three months of the receipt of the final accounts from the authority;

- to provide, on behalf of ratepayers and other interested parties, an audit service which assists in achieving, within councils, and other audited bodies, the highest standards of financial stewardship and value for money; and
- to achieve efficiency savings of more than three per cent on those audits where like-for-like comparisons can be made year-on-year.

- 4.5 One of the aims of the Audit and Accountability (Northern Ireland) Order 2003 was to consolidate the standards of public sector audit in Northern Ireland. Local Government audits are therefore subject to the same quality control procedures as the wider Office.

Statutory Audit

- 4.6 In 2008-09 it is estimated that the Division will audit expenditure and revenue transactions of £3.40 billion and assets and liabilities totalling £13.9 billion.

Impact of Statutory Audit Work

- 4.7 The main benefits flowing from Local Government Auditors' statutory audit work are the independent assurances that local authority resources are being used in the way intended and that reliance can be placed on financial statements. The 'deterrent effect' of audit cannot be measured precisely but it should not be underestimated. The knowledge that accounts will be subject to rigorous and probing audit is a positive influence on the day-to-day decisions of local authority officers and members to observe the principles of good financial stewardship, governance and regularity.
- 4.8 During the course of an audit, Local Government Auditors look for opportunities for improvement in accounting, internal control and risk management and, whenever possible, potential for improving value for money.

4.9 An example of impact during 2007-08 arising from our financial audit work was where it became apparent that internal control measures in a district council had failed with regard to market income. It transpired that income amounting to £12,000 was unaccounted for. The review highlighted a lack of controls, a lack of written procedures and only one employee involved in the collection and lodgement of cash, resulting in cash not being lodged on a timely basis. The case reported in the Chief Local Government Auditor's Annual Report illustrated to local government bodies the need to have good internal control arrangements with regard to cash receipts to avoid such misappropriations and fraud.

4.10 On completion of the audit of local authority accounts the Local Government Auditor reports to the local government body. The local government body is required to publish the statement of accounts as soon as reasonably possible after conclusion of the audit and in any event before the 31st October immediately following the end of the financial year.

4.11 The Local Government Auditor's report on the accounts must be published with the accounts or, if not available for 31 October, the local government body must publish and make a declaration and explanation of the fact that at the date of publication the local government auditor has given no opinion. This report follows the Local Government Auditor appointing a date on or after which an interested person may exercise their rights under Article 17(2) and 18(1) of the Local Government (Northern Ireland) Order 2005. These provisions allow interested persons to question the auditor about the accounts or to attend before the auditor and make an objection in relation to the accounts. The auditor's report is not completed until any investigation as to whether his statutory powers, with regard to unlawful expenditure or losses caused by wilful misconduct, should be exercised.

Developments impacting on Local Government Audit

Revised Local Government Audit Legislation

4.12 The Local Government (Northern Ireland) Order 2005 and regulations issued in accordance with the Order have applied to the 2006-07 accounts, with further regulations applicable to the 2007-08 accounts. The legislation enables Northern Ireland to catch up with local government audit developments in England and Wales. These changes include:

- ◆ providing Local Government Auditors with an additional power to issue public interest reports to local government bodies, in addition to the auditor's annual reporting arrangements. Public interest reports can be issued on any matter, either following completion of the audit, or immediately in the course of an audit, if the auditor believes that the matter requires urgent consideration;
- ◆ extending the access rights of Local Government Auditors to documents relating to local government bodies, but held by third parties. This brings local government audit access rights into line with those in central government; and
- ◆ the formal designation by the DOE, with the consent of the C&AG, of a member of NIAO staff as Chief Local Government Auditor. The legislation requires the Chief Local Government Auditor to:
 - prepare an annual report detailing the work of local government auditors;
 - the second annual report by the Chief Local Government Auditor under this legislation was published in June 2008 – *"The exercise by Local Government*

Auditors of their functions in the year to 31 March 2008."

- prepare and maintain a Code of Audit Practice which is approved by the Assembly – the Code to set out the best professional practices to be adopted by local government auditors;
 - the Code of Audit Practice, introduced after consultation with audited bodies and other interested parties, was laid at the Northern Ireland Assembly in March 2006 and copies made available to local authorities and all 582 council members in the 26 district councils. The Code of Audit Practice is also available on the Office's website
- draw up arrangements for local government audit to certify claims of central government grants by local government bodies;
 - in August 2007 the Department of Finance and Personnel issued DAO(DFP) 09/07 advising grant paying bodies of the new arrangements, drawn up by the Chief Local Government Auditor, in relation to the certification of grants
- and, initiate, independently from the DOE, value for money studies on the provision of services by local government bodies. Under the previous legislation, such studies could only be undertaken if required by the DOE.
 - the impact of the Chief Local Government Auditor's powers to initiate value for money studies may be examined in light of changes to the performance management and corporate

governance requirements that are developed as part of the Review of Public Administration.

- ◆ the requirement that local government bodies publish audited accounts by 31st October immediately following the end of the financial year. Before the legislative change some audits were completed later in the year. To facilitate the completion of all local government audit by 31 October a review of our audit approach was undertaken. This resulted in earlier audit planning and increased interim testing. In addition five audits (in financial terms 16 per cent of our audit costs) are contracted out to private sector firms.

4.13 The new legislation and subsequent regulations are not expected to have a significant impact on the audit of local government bodies' statements of accounts. Audit practices, specific to local government, already largely reflect those employed by the Audit Commission.

Complexity of Accounts

4.14 The accounts of District Councils are prepared in line with an Accounts Direction issued by the DOE, which requires compliance with the annually updated Code of Practice on Local Authority Accounting in the United Kingdom. The Code is recognised by the Accounting Standards Board as a Statement of Recommended Practice (SORP).

4.15 The introduction of SORP changes in recent years has resulted in local government accounts becoming more complex, increasing the degree of judgement which, in turn, has made the audits more technically challenging.

4.16 In support of the Local Government Order (Northern Ireland) 2005 the DOE has issued the Accounts and Audit Regulations (Northern Ireland) 2006 which provide

councils with a more detailed accounting and reporting framework. The Regulations came into effect in April 2006 and apply to the audit of the accounts of local government bodies for the financial year 2006-07 and thereafter. The DOE also issued the Local Government (Accounts and Audit) (Amendment) Regulations (Northern Ireland) 2006 effective from 1 April 2007. These Regulations require a local government body to include in its accounts a statement on internal control and to maintain an adequate and effective system of internal audit.

- 4.17 Local authority statements of accounts for 2010-11 are due to be prepared in accordance with International Financial Reporting Standards (IFRS). If this timescale holds it will be two years behind their introduction in central government. It will require Local Government Auditors to audit and certify re-stated accounts for 2009-10 prepared by local government bodies after clearance of their normal accounts. This additional work will take place during the life of this plan but is not reflected in Appendix 3 as the timing has yet to be confirmed.

Corporate Governance

- 4.18 Although not a statutory requirement, Local Government Auditors have been encouraging local government bodies to establish Audit Committees as a key element in enhancing their Corporate Governance arrangements. Audit Committees are now in place in 20 of the 26 district councils. Local Government Auditors present their Audit Strategy, Management Letter and Annual Audit Letter to Audit Committees in addition to dealing with other general accounting and audit matters.
- 4.19 In a further enhancement of the developing governance agenda, DOE in February 2008, as part of its Account Direction to local government bodies for the 2007-08

accounts, drew attention to the CIPFA/SOLACE framework "Delivering Good Governance in Local Government". This led to the development of the statement of internal control into a Governance Statement. This has now become an integral part of the local government accounting.

District Council Joint Committees

- 4.20 During preparation of this plan we have become aware that councils are considering setting up Joint Committees through which they will exercise oversight of significant European Funding via the Special EU Programmes Body and the Department of Rural Development. If these plans are firmed up it will create another fourteen local government body audits for certification by Local Government Auditors. These accounts are included in our figures in Appendix 3. The funding programme is available through to 2013 under the PEACE III and INTERREG IVA programmes.
- 4.21 Three Waste Management Groups have been established by the 26 district councils to address waste disposal issues following the publication of the Northern Ireland Waste Management Strategy. Arc21, representing 11 councils in the former Eastern Region Group and SWaMP 2008 (the Southern Group of eight councils), have been established as Joint Committees, body corporate with perpetual succession. The North Western group remains a unincorporated Joint Committee.
- 4.22 Under the Local Government (Northern Ireland) Order 2005, Joint Committees are required to have their accounts audited by a local government auditor.

The Audit of Grant Claims

- 4.23 The Local Government Auditor, when requested, certifies grant claims and returns for district councils. This is an area of important work that has been increasing

over recent years. From 2007-08 the audit of grant claims is conducted in accordance with the new arrangements introduced in 2007.

District Policing Partnerships

- 4.24 Under the Police (Northern Ireland) Act 2000, District Policing Partnerships have been established in each district council area. The set-up arrangements provide for the expenditure of these Partnerships to be audited by Local Government Auditors. The first audits took place in 2004-05. This work will continue over the planning period and will cover each of the 26 District Policing Partnerships each year.

VFM Work

- 4.25 Where required by the DOE or the Chief Local Government Auditor, Local Government Auditors can also undertake comparative and other studies. These studies are designed to make recommendations to improve economy, efficiency and effectiveness in the provision of council services.
- 4.26 The Chief Local Government Auditor has completed annual reviews of absenteeism in local authorities, commenting on relative performance and drawing out best practice. In his report in January 2008 (Absenteeism in Northern Ireland Councils 2007-08) he indicated that the cost of absenteeism in the 26 local government bodies was £15.5 million. He further estimated that had Northern Ireland absenteeism rates been similar to those in England and Wales the cost would have been £10.6 million, a saving of £4.9 million. Absenteeism is a problem area in a number of councils with rates in ten councils more than double that found in the best performing council. The Chief Local Government Auditor will continue to monitor and report.

- 4.27 Areas for wider study will be identified through the auditors' detailed review of management arrangements in councils.
Whole of Government Accounts

- 4.28 District councils form part of the arrangements for preparing Whole of Government Accounts and local government auditors will, where required, audit the financial information.

Review of Public Administration

- 4.29 The Northern Ireland Executive agreed in July 2007 to review the local government aspects of the Review of Public Administration (RPA) in the context of Devolved Government. The review considered what local government is expected to deliver in the context of a fully-functioning devolved Assembly and Executive. The review was overseen by a sub-committee of the Executive, chaired by the Minister of the Environment and included the DRD, DSD, DHSSPS and DFP ministers.
- 4.30 The Minister of the Environment announced the findings of the review to the Assembly on 31 March 2008. The key issues include;
- the number of district councils is to be reduce from 26 to 11;
 - the revised local government structure is targeted for implementation by 2011-12 with local government elections in 2011; and
 - a range of central government functions will transfer to local government comprising expenditure of £116 million (a 25 per cent increase in the budget of local government) and around 1,070 staff.
- 4.31 The DOE is currently drawing up proposals for the implementation of local government reform. No detail on transitional arrangements is yet available however

working to the expected timetable, in the last year of this Plan we expect to complete the final audits of the existing district councils and plan the audit of the new district councils.

- 4.32 In the short term the local government aspects of RPA will lead to the allocation of additional audit resources to scrutinise the changing environment. This will comprise the period of any transitional arrangements and the initial stages of the new district councils. However in the following years efficiencies should be realised as a result of both the reduced number and increased size of councils.
- 4.33 Reports recently published by the Chief Local Government Auditor include;
- The exercise by Local Government Auditors of their functions in the year to 31 March 2008
 - Absenteeism in Northern Ireland Councils 2007-08

Chapter 5: Improving Governance and Combating Fraud

Introduction

- 5.1 The Office has a key role in supporting departments on the issue of improving governance and combating fraud. This is a cross cutting issue which involves every division in the Office.
- 5.2 We have been giving increased emphasis to this in the corporate plan in recent years and the extent of work in this area has reached a stage where it is worth setting out in detail for the attention of the Assembly.
- 5.6 The following are some of the main areas where the Office has been involved in promoting good governance in audited bodies;

Working directly with independent non executive directors

- ◆ in many of the organisations we audit independent non executive directors have been appointed to both the board and the audit committee with the aim of providing a challenge to the executive team running the day-to-day operations. We have been involved in the formal training of these independent members and have also hosted seminars for specific groups to encourage networking.
- ◆ in addition our senior management offer to meet individually with independent non executive directors to discuss areas of mutual interest.

Corporate Governance in the Northern Ireland public sector

- 5.3 In the past number of years the profile of corporate governance has increased in the public sector in response to a number of high profile governance failures in the private sector. Treasury issued guidance entitled "*corporate governance in central government departments: code of good practice*" which was based upon the procedures and policies required from listed companies.
- 5.4 This guidance was endorsed by the Department of Finance and Personnel (DFP) in Northern Ireland with a strong recommendation that the principles within the guidance should be extended to the wider Northern Ireland public sector.
- 5.5 In response to this focus on corporate governance the Office established a unit in early 2006 headed up by a director with the aim of promoting good governance and assisting public sector bodies to put in place strong governance structures.

Development of a Governance Assessment Tool

- ◆ we have developed a governance assessment tool and have piloted this in two bodies to date (the Strategic Investment Board and ILEX urban regeneration company). The outcome from the use of this tool has been a list of recommendations on the main areas which impact upon good governance. We have communicated these recommendations to the Board and management of the bodies concerned. However we also intend in the future to use the tool to produce public reports on governance issues.
- ◆ we have further developed the assessment of governance by using a local firm of consultants to carry out a similar process in the Northern Ireland Ambulance Trust. This has provided a useful insight into best

practice in the private sector in reviewing governance.

Supporting Audit Committees

- ◆ perhaps the greatest change in the public sector has been the development of audit committees across audited bodies. Our senior and middle management now attend over 100 audit committees which convene up to four times a year. This is a significant resource commitment but an extremely worthwhile one as it allows auditors to have contact with senior management and independent non executives on a regular basis.
- ◆ there is no formal requirement for audit committees in local government. However as a direct result of our advice 20 district councils now have an audit committee in place.

Provision of Training

- ◆ governance training has been recognised in recent years as requiring a high priority and the Office has supported the provision of such training through its interaction with, for example, the Chief Executives Forum, Chartered Institute of Public Finance and Accountancy (CIPFA) and the Department of Finance and Personnel.
- ◆ specific training has been provided to audit committee members through a specially prepared package highlighting the expectations and responsibilities of members.
- ◆ in addition we hosted a very successful training event for audit committee chairmen across the public sector which was very well attended and received.

Improving Risk Management

- 5.7 One of the most important developments in improving the management of public sector bodies in recent years is the increase in the sophistication of their management of risk.

- 5.8 The Office has a particular contribution to make to this because of its own expertise in risk assessment and its review of risk across every public sector body for example;

- ◆ risk management has become an inherent part of management procedures within the public sector and we have supported and encouraged this by advising audited bodies on risk management processes;
- ◆ where risk registers are examined at audit committees we advise on the content and format of these registers; and
- ◆ in addition several of our recent reports have focussed on the risk management process and made recommendations to improve risk management and thus prevent the recurrence of governance failures

The Governance and Departmental oversight of Arms Length Bodies

- 5.9 The need to promote and encourage good corporate governance within departments and Arms Length Bodies in Northern Ireland has been underscored by several high profile cases of weaknesses which became the subjects of PAC reports.
- 5.10 While much will have been learned from these cases and taken into account by departments in their governance arrangements, the C&AG considered that it was an opportune time to review how the arrangements for corporate governance were working between departments and Arms Length Bodies (ALBs) and to draw broader good practice lessons for the future.
- 5.11 The C&AGs report on 'Good Governance – Effective relationships between Departments and their Arm's Length Bodies' (HC469) was published in May 2007 and was the subject of a PAC hearing in March 2008.

5.12 The PAC subsequently published its report in April 2008. The main issues were;

- ◆ it found that, while improvements have been made, there is still much more that needs to be done by sponsor departments and DFP to ensure that good practice is fully embedded in the structures, processes and practices of the sponsor relationship. This was illustrated by the problems which have emerged in relation to the governance and activities of the Northern Ireland Events Company which highlighted the substantial negative impact which governance failings can have on public confidence in standards of public life; and
- ◆ PAC made recommendations aimed at ensuring lessons are learned to promote a strong culture of accountability and deliver good governance in practice. DFP has accepted these recommendations.

Standards in Public Life

5.13 Our report on the 'Hospitality Association for Northern Ireland' (NIA 117/07-08, 15 April 2008), is a two-part case study, focusing on the financial management of the Association (a publicly-funded third party organisation) and the public appointments process.

5.14 The subsequent PAC report highlighted serious shortcomings in the financial control of the Association, weaknesses in the public appointments system and the poor handling of a major conflict of interest. A total of 42 recommendations were made.

5.15 On public appointments, PAC urged better information sharing between departments, while on major conflicts of interest; it stressed the need to try to eliminate the conflict but, where this is not possible, to properly manage it.

Support to Departments in Combating Public Sector Fraud

5.16 While a strong corporate governance structure has the aim of raising performance it is also plays a central role in reducing an organisation's vulnerability to fraud.

5.17 The Office has an important role to play in supporting public sector bodies in combating fraud. In addition to our governance work the Office maintains a small counter fraud unit which reviews and monitors the arrangements in departments for the prevention, detection, investigation and reporting of fraud.

5.18 Our work also includes;

- ◆ launching Northern Ireland's National Fraud Initiative and participating in the wider UK National Fraud Initiative. (see paragraphs 5.19 to 5.33);
- ◆ liaising with those engaged in counter fraud activities across the public sector including bodies such as the Audit Commission, the National Audit Office, HM Revenue and Customs, departmental counter fraud units, and internal auditors;
- ◆ organising and hosting counter fraud workshops and seminars;
- ◆ promoting and participating in workshops and seminars to increase fraud awareness and disseminate good practice;
- ◆ participating in DFP's Counter Fraud Forum;
- ◆ liaising with PSNI on fraud related matters.
- ◆ reporting suspicious activity to the Serious Organised Crime Agency;
- ◆ training public sector internal audit units in the use of computer interrogation packages;
- ◆ encouraging whistleblowers to voice their concerns (see paragraphs 5.45 to 5.49), and
- ◆ providing formal advice and guidance on the review of draft departmental papers on counter fraud measures, including fraud strategies, fraud and whistleblowing policies and fraud response plans.

National Fraud Initiative (NFI)

- 5.19 Under new statutory provisions inserted in the Audit and Accountability (Northern Ireland) Order 2003 by the Serious Crime Act 2007, the C&AG has been given the power to conduct data matching exercises for the purpose of assisting in the prevention and detection of fraud.
- 5.20 Data matching involves comparing sets of data, such as the payroll or benefits records of a body, against other records held by the same or another body. This allows potentially fraudulent claims and payments to be identified. Where no match is found, the data matching process will have no material impact on those concerned. Where a match is found it indicates that there may be an inconsistency that requires further investigation.
- 5.21 The Office has prepared a Code of Data Matching Practice in consultation with the Information Commissioner and a range of other stakeholders. The Code, which was laid before the Assembly on 25 July 2008, promotes good practice in data matching and helps ensure compliance with the law, especially the provisions of the Data Protection Act 1998.
- 5.22 The new legislation provides a significant opportunity to tackle and reduce the scale of fraud against public sector bodies in Northern Ireland and beyond, and should provide a strong deterrent against future fraudulent acts. Data matching is a powerful tool in combating fraud, as demonstrated by the National Fraud Initiative (NFI) established by the Audit Commission¹ in 1996 which has helped participating bodies identify fraud and overpayments in excess of £400 million. Previous Corporate Plans have highlighted the Office's support for the NFI, which included promoting the participation of Northern Ireland departments.
- 5.23 This Office and the Audit Commission delivered a presentation to PAC on the NFI on 3 April 2008 and the Committee stated in its subsequent report in May 2008 that it "views

¹ The body responsible for the audit of local authorities and the National Health Service in England.

the National Fraud Initiative as a key tool in the armoury against fraud and error".

- 5.24 The first data matching exercise under the C&AG's new powers will be undertaken as part of NFI 2008/09. The Audit Commission, on behalf of the C&AG, will carry out the key aspects of the exercise, including the collection and processing of data.
- 5.25 Bodies audited by the C&AG and local government auditors must submit data for an exercise if it is requested by the C&AG. A total of 70 public sector bodies are providing data for the first exercise on this basis, including Northern Ireland departments and their executive agencies, the larger non-departmental public bodies (NDPBs) and health services bodies, and district councils. A small number of bodies are providing data voluntarily and should be commended for recognising the benefits that data matching presents in the prevention and detection of fraud. Appendix 4 provides a list of the participants, and the data sets being matched in the 2008-09 exercise.
- 5.26 The C&AG will report publicly on the results of the exercise.
- 5.27 Further information on NFI can be found on the NIAO website at www.niauditoffice.gov.uk/about/national-fraud-initiative.asp

Other Measures to Combat Fraud

- 5.28 All departments are required to report immediately, to the C&AG, all frauds which affect their departments or the agencies and NDPBs sponsored by them. Similarly, frauds affecting public funds (including mainstream and European funding) disbursed by voluntary bodies and other agents such as intermediary funding bodies and funded third party organisations should also be reported immediately.
- 5.29 We monitor and track each suspected fraud case that is reported to us through our internal database and in those cases where there are important lessons to learn we carry out a full audit to establish the facts and make a report to the Assembly.

5.30 The C&AG personally reviews all fraud notifications to highlight the importance we attach to these and to ensure that our response is commensurate to the quality of information we have received.

5.31 We also use the information gathered from our monitoring of notified cases to inform our risk assessment when planning the audit of accounts. Fraud, corruption and impropriety can have a detrimental impact on public sector bodies in a number of ways:

- ◆ direct financial cost. Every pound stolen by a fraudster is no longer available to spend on vital public services;
- ◆ the discovery of fraud and corruption can cast doubt on whether services are being managed effectively; and
- ◆ high levels of fraud and corruption can undermine public confidence in the public sector's ability to deliver services in a fair and legitimate fashion.

C&AG's Reports

5.32 The C&AG works closely with the PAC and in recent years has reported a number of serious failures in administrative and financial systems as well as failures in the control environment which has resulted in fraudulent activity:

2000: Social Security Agency: Internal Fraud;

2001: Department for Social Development: Belfast Action Teams: Investigations into Suspected Fraud within the Former Suffolk Action Team;

2001: Department of Agriculture and Rural Development: National Agriculture Support Fraud;

2001: LEDU: Internal Fraud;

2001: Department of Agriculture and Rural

Development: Brucellosis Outbreak at the Agricultural Research Institute.

2003: Department for Regional Development: Investigation of Suspected Fraud in the Water Service.

2003: Department of Agriculture and Rural Development: The Sheep Annual Premium Scheme.

2007: Department of Culture Arts and Leisure: Internal Fraud in Ordnance Survey of Northern Ireland.

2008: Social Security Agency: Social Security Benefit Fraud and Error.

Current Casework

5.33 A recent report by the C&AG demonstrates the vulnerability of the public sector to fraudulent activity from those providing a professional service. The C&AG's report examined the events leading to the discovery of fraud perpetrated by George Brangam, solicitor and owner of the legal practice of Brangam Bagnall & Co against the health service. The Public Accounts Committee is scheduled to consider this report in November 2008.

5.34 Other current casework includes:

- Internal Audit in the Sports Institute for Northern Ireland; and
- The Department of Education: Investigation of Suspected Contract Fraud

5.35 In addition the Office is monitoring the position in relation to the Northern Ireland Events Company in co-operation with the Department of Culture, Arts and Leisure. The Department is reviewing how a financial deficit arose in the Company. The review has raised serious questions in relation to the conduct of named individuals and does not discount the possibility of fraud, criminal activity or civil proceedings. PAC expects the Office to report on this matter in due course.

Public Accounts Committee

- 5.36 The Assembly's PAC has been very active on fraud related matters. Its expectation is a zero tolerance to fraud across the public sector. In PAC's Fifth Report (Session 2007/2008) on Tackling Public Sector Fraud it stated:

"The Agency effected full restitution of the money stolen. This sends out an important message that the full rigours of the law will be brought to bear against those who commit fraudulent acts against the public purse."

Mr Lunn commented that

"I hope that others will have noted that salutary lesson"

- 5.37 During the Assembly debate on the work of the Public Accounts Committee Paul Maskey stated that;

"We are fortunate that standards in the public sector here are high. Occasionally, issues have emerged that show that we cannot take our high standards for granted. The Committee has made it clear to the Audit Office that it will continue to give a high priority to dealing with cases of fraud or impropriety. We have already dealt with, and reported on, a number of such cases and incidents, which will always be on top of the Committee's agenda as and when they arise."

Developing our Expertise

- 5.38 We had recognised the need to strengthen our capacity in fraud investigation. To date, 14 staff have obtained the qualification of the Advanced Professional Certificate in Investigative Practice. In addition, we have secured the services of a senior retired PSNI officer with extensive experience in the investigation of fraud and fraud related matters.

Whistleblowing

- 5.39 In its Fifth Report of Session of 2007/2008 on Tackling Public Sector Fraud the Assembly's PAC stated that:

"Whistleblowing is a valuable element of a good counter fraud strategy that all public sector bodies should have in place."

- 5.40 PAC stated that it would like to see much more emphasis given to whistle-blowing as an important means of identifying potential fraudulent activity. The Committee also expects DFP to ensure that departments have whistleblowing policies in place and are proactive in training and encouraging staff to blow the whistle.

- 5.41 Throughout the past year the Office has received a steady flow of whistleblowing disclosures and some of the associated case work has been complex. We anticipate that with the support that PAC is giving to public bodies to ensure they have good Whistleblowing procedures in place this disclosure trend will increase.

- 5.42 In view of the increasing importance of whistleblowing and its role in maintaining and securing standards in public life, it is important for the Office to foster a climate in which those with information on potential wrongdoing are encouraged to come forward. Our website encourages public servants and members of the public to raise their concerns. The Office's counter fraud unit act as a central point for dealing sensitively with whistleblowers and their concerns.

- 5.43 The Office plays a proactive role in raising awareness on whistleblowing. In the past we have hosted a seminar for senior managers across the public sector in conjunction with the charity, 'Public Concern at Work', who are experts in the whistleblowing arena, to highlight current best practice. We continue to network with public sector bodies through sharing best practice and giving presentations.

Future Challenges

- 5.44 While the improvement in governance and fraud awareness helps to create a climate where fraud is more difficult to perpetrate and is more readily identified and prosecuted the wider context is that developments in IT systems and problems surrounding data security are opening new areas of vulnerability to sophisticated fraudsters.
- 5.45 The Office is very conscious that it has a key role. We are keeping abreast of best practice in combating fraud and assisting public bodies to operate the most secure and fraud resilient systems possible.

Chapter 6: Corporate Services

Corporate Services

- 6.1 The Office's Corporate Services Division consists of finance and human resources functions and provides a range of support services and systems for the Office as a whole.
- 6.2 The main tasks of the Division are to:
- ◆ carry out the Comptroller function by issuing funds from the Consolidated Fund;
 - ◆ compile the Office's Corporate Plan and Estimates to provide the resources (human, cash and facilities) necessary to undertake approved work;
 - ◆ provide a human resources function, including staff development and training;
 - ◆ compile the Office's Resource Account;
 - ◆ monitor financial performance through the Office's Management Information System;
 - ◆ develop policies to improve the efficiency, effectiveness, quality and impact of public sector audit; and
 - ◆ provide cost-effective support services to management and staff.

The Division is subject to the same rigorous pressure as the audit functions to be as cost efficient as possible. It is planned that efficiencies will be delivered through the setting of tight targets, close scrutiny and control of work, improvement of current systems and outsourcing when better value for money can be achieved.

Information Technology

- 6.3 Information and communications technology (ICT) is an important corporate resource and crucial to conducting the Office's business. A major upgrade of the ICT infrastructure was undertaken in 2006 and 2007. Over the Plan period, the Office will continue to develop ICT to support its business requirements, further improve operational efficiency and effectiveness, and enhance data security.

Training

- 6.4 The Office has 85 qualified accountants, of which two are on secondment to public sector bodies and five are on career breaks. It aims to maintain a high proportion of qualified accountants, mainly through the professional accountancy training scheme and by the recruitment of qualified staff.
- 6.5 The effectiveness of the Office is almost entirely determined by the quality of its skills base. Training is therefore extremely important. Currently, 22 staff are undertaking studies for a professional accountancy qualification. Training for professional accountancy and technical qualifications is complemented by Office-based training in specific audit techniques, management, IT and personal development.
- 6.6 The training budget reflects the substantial training commitment for the trainee accountant recruitment scheme which has been in place since 2004-05. In addition to tuition for professional studies by external suppliers, training is provided to the new employees by staff within the Office. The trainees have had considerable success to date in their studies. In the most recent examinations, there was a 100 per cent pass rate, with five becoming fully qualified. The Office has recruited a further six trainees in 2008-09.

6.7 In 2007-08 the Office held or participated in 102 structured training events. Over the same period, it has further developed the training available for staff by introducing a pilot mentoring scheme and updating its policy on personal development plans which are agreed for individual staff and subject to active review and revision. Other developments currently underway include the review of the policy for secondments and the introduction of an Office continuous professional development scheme.

Data Protection and freedom of Information

6.8 The Division is responsible for overseeing the management of information, including personal data.

Data Protection

6.9 We have access to a substantial amount of personal data to enable us to perform our statutory audit tasks and to assist with the every day running of the Office. Against a background of events within the public sector highlighting vulnerabilities in handling personal data, we reviewed our data retention and security arrangements. The review concluded that the Office was compliant with the Data Protection Act 1998, but identified some areas for improvement. These are currently being taken forward.

Freedom of Information

6.10 The Freedom of Information Act 2000 requires public authorities to adopt and maintain publication schemes that set out the information they publish or intend to publish. The Office has a Publication Scheme which has been approved by the Information Commissioner and is available on our website. The Act also provides a general right of access to information held by public authorities, subject to certain exemptions. Since this part of the legislation came into force on 1 January

2005, the Office has received 33 requests for information.

Staffing

6.11 The Office's staff complement (whole time equivalent) has increased from 133.6 in September 2007 to 141.86 in September 2008. This resource is supplemented by the secondment in of qualified staff on a short term basis to meet peaks in workload.

6.12 Twenty seven staff currently work reduced hours and, as a modern employer, the Office is content to facilitate requests for such working where practicable. Also we have five staff on career breaks and two staff are seconded to departments to fulfil specialist roles.

6.13 During 2007-08 we lost eleven staff (eight per cent of our total whole time equivalents) through resignations and retirement.

Equality

6.14 It is the policy of the Office that all eligible persons should have equal opportunity for employment and advancement on the basis of their ability, qualifications and aptitude for the work. Procedures and practices are in place to prevent discrimination and to monitor the overall position.

6.15 The Office, as a specified "public authority", submits annual monitoring returns to the Equality Commission for Northern Ireland. Under the Fair Employment and Treatment (NI) Order 1998, the Office is also required to review the composition of its workforce and employment practices every three years. The most recent review covered the period 2004 to 2007.

6.16 The composition of the workforce of the Office over the period 2004 to 2008 is shown in Figures 6.1 and 6.2.

Figure 6.1: Composition by Community Background

| | P % | RC % | ND % |
|------|--------|---------|---------|
| 2004 | 57 | 40 | 3 |
| 2006 | 57 | 40 | 3 |
| 2007 | 56 | 41 | 3 |
| 2008 | 56 | 41 | 3 |

P = Protestant
R = Roman Catholic
ND = Non-Determined/Other

Figure 6.2: Composition by Gender

| | Male % | Female % |
|------|-----------|-------------|
| 2004 | 60 | 40 |
| 2006 | 54 | 46 |
| 2007 | 53 | 47 |
| 2008 | 52 | 48 |

Equality – Section 75 requirements

6.17 We remain fully committed to the fulfilment of our Section 75 obligations. Section 75 of the Northern Ireland Act 1998 requires the Office, in carrying out its functions, to promote equality of opportunity and good relations among a range of groups. Our Equality Scheme, approved by the Equality Commission for Northern Ireland in November 2003, sets out how the Office intends to fulfil these requirements.

6.18 The Office has reported annually to the Equality Commission on the action it has taken in relation to the commitments contained in the Equality Scheme, including:

- ◆ the review of policies to determine whether there are any equality of opportunity implications; and
- ◆ the delivery of equality awareness training to staff on a regular basis. The Office has placed considerable emphasis on ensuring that staff are fully aware of the statutory duties under section 75 and their implications.

6.19 As required by the Equality Scheme, the Office is also currently reviewing how effective it has been in meeting its section 75 obligations over the five year period to 2008.

Equality – Disability Discrimination

6.20 Section 49A of the Disability Discrimination Act 1995 (as amended by Article 5 of the Disability Discrimination (Northern Ireland) Order 2006) requires the Office, in carrying out its functions, to have due regard to:

- ◆ promoting positive attitudes towards disabled people; and
- ◆ encouraging participation by disabled people in public life.

6.21 The NIAO Disability Action Plan sets out how the Office intends to fulfil these duties in relation to its functions for the five year period commencing 1 July 2007. It contains an action plan and target dates for the implementation of various commitments which are subject to annual review. Activities over the past year have included the delivery of disability awareness training and undertaking a disability monitoring exercise to monitor and identify trends in the representation of disabled employees, to assist the Office in promoting equality of opportunity.

Availability of Equality Documentation

6.22 The Office's Equality Scheme, Disability Action Plan and other documentation relating to equality are published on our website at www.niauditoffice.gov.uk.

Chapter 7: Resource Requirement

Future Resource Requirement

- 7.1 Since May 2007, when the Assembly was restored, PAC has met weekly, holding sixteen evidence sessions and a further 27 business and briefing sessions during its first year. This has meant that there has been an increase in work mainly for the VFM Division. In addition, 2008-09 will see the impact of some of the Review of Public Administration changes in the Health Sector. Furthermore should responsibility for law and order be devolved it will impact on our resource requirement and adjustments will need to be made to reflect this.
- 7.2 The Office continues to vigorously pursue efficiency in its financial and value for money work and this will be further targeted during the period of the Plan. The efficiencies gained will make an important contribution to our ability to meet growing demands in a number of areas:

- ◆ addressing the change to International Financial Reporting Standards (IFRS) and other auditing and public sector developments;
- ◆ meeting the need for increased audit coverage of new shared service IT systems such as Account NI and HR Connect;
- ◆ supporting the strengthening of good governance in public services;
- ◆ helping to deliver the Government's commitment to faster closing of accounts and to Whole of Government Accounts;
- ◆ enhancing action by public bodies to combat fraud;
- ◆ addressing the impact of new legislation affecting local government accounting and auditing; and
- ◆ meeting the need for scrutiny of the changing face of public sector administration;

- 7.3 Figure 7.1 summarises the Office's estimated resource requirements for the period 2009-10 to 2011-12. Taking account of the increasing demands placed on this Office as outlined in paragraph 7.2, we aim to deliver our programme of work with an increase in net resources of 5.9 per cent in 2009-10. This includes an increased cost arising from the introduction of IFRS. This cost is expected to gradually reduce in 2010-11 and 2011-12 so that the increase in those years is reduced to 2.9 per cent and 2.8 per cent respectively. NIAO is continuing to refine these figures as the impact of IFRS develops and any adjustments will be reflected in the estimates to be put before the Assembly audit committee before the end of the financial year.

Figure 7.1: Net Resource Requirement

| | 2007-08 Outturn £'000 | 2008-09 Estimate £'000 | 2009-10 Forecast £'000 | 2010-11 Forecast £'000 | 2011-12 Forecast £'000 |
|----------------------------|-----------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Gross Resource Requirement | 10,674 | 11,527 | 12,143 | 12,429 | 12,729 |
| Income | (1,917) | (2,382) | (2,462) | (2,470) | (2,494) |
| Net Resource Requirement | 8,757 | 9,145 | 9,681 | 9,959 | 10,235 |

Figure 7.2: Analysis of Resources by Type of Expenditure

| | 2007-08 Outturn £m | 2008-09 Estimate £m | 2009-10 Forecast £m | 2010-11 Forecast £m | 2011-12 Forecast £m |
|--------------------------------------|--------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Staff | 7.4 | 8.1 | 8.4 | 8.7 | 9.0 |
| Contracted Out Audit and Consultancy | 1.3 | 1.5 | 1.8 | 1.8 | 1.7 |
| General Expenditure | 1.2 | 1.3 | 1.3 | 1.3 | 1.4 |
| Non-Cash | 0.8 | 0.6 | 0.6 | 0.6 | 0.6 |
| Total | 10.7 | 11.5 | 12.1 | 12.4 | 12.7 |

7.4 The Office requires a highly skilled and motivated workforce to deliver the highest level of service and be in a position to meet the challenges we face over the planning period. We need to have a mix of staff with a range of relevant qualifications and experience to meet operational demands. To meet our business needs, the Office must be able to recruit and retain staff with ability and skill, and reward them appropriately.

Capital Expenditure

7.5 Over the Plan period, the Office will update and replace hardware and software and further develop its ICT infrastructure to enhance operational efficiency and effectiveness.

7.6 In summary, we forecast that the Capital expenditure will be as laid out in Figure 7.3.

Figure 7.3 Capital Expenditure

| Year | Forecast £'000 |
|---------|-------------------|
| 2009-10 | 220 |
| 2010-11 | 300 |
| 2011-12 | 300 |

Income

7.7 Fees are charged for work undertaken on an agency basis for the National Audit Office and on certain other audits, including the six North/South implementation bodies. Additionally, the Office receives income from the audit of district councils.

7.8 It is estimated that fees for audit services will total £2.462 million in 2009-10 (see Figure 6.4). This includes an increase in anticipated income from the National Audit Office to meet the costs of additional work on International Financial Reporting Standards for the audits we complete on their behalf. The amount of this income is very difficult to project at this stage and Figure 7.4 will, of course, be further refined at Estimates stage next year.

Figure 7.4: Sources of Income 2009-10

| Audit Area | 2009-10 Forecast £'000 |
|-------------------------------------|------------------------------|
| Non Departmental Public Bodies etc. | 592 |
| NAO Accounts | 870 |
| Local Government | 1,000 |
| | 2,462 |

Appendices

Appendix 1: Departmental Expenditure Limit, 2007-08 to 2011-12 (current prices) (paragraph 7.3)

| | Estimate 2007-08 | Estimate 2008-09 | Planned 2009-10 | Planned 2010-11 | Planned 2011-12 |
|--|-----------------------------|------------------------------|-----------------------------|-----------------------------|-----------------------------|
| | £000 | £000 | £000 | £000 | £000 |
| Staff | 7,619 | 8,100 | 8,406 | 8,686 | 8,990 |
| Contracted Out Audits and Consultancy | 1,468 | 1,513 | 1,840 | 1,795 | 1,739 |
| Infrastructure | 1,167 | 1,339 | 1,322 | 1,348 | 1,375 |
| Non-cash | 552 | 575 | 575 | 600 | 625 |
| Gross Resource | 10,806 | 11,527 | 12,143 | 12,429 | 12,729 |
| Income | -1,917 | -2,382 | -2,462 | -2,470 | -2,494 |
| Net Resource Requirement | 8,889 | 9,145 | 9,681 | 9,959 | 10,235 |
| Adjustments to NRR to get to NCR | | | | | |
| Non-Cash | -552 | -575 | -575 | -600 | -625 |
| Changes in working capital other than cash | 0 | 0 | 0 | 0 | 0 |
| Use of provision | 66 | 0 | 0 | 0 | 0 |
| Capital | 385 | 300 | 220 | 300 | 300 |
| Net Cash Required | 8,788 | 8,870 | 9,326 | 9,659 | 9,910 |
| Net Resource Requirement % increase on previous year | 8,889 | 9,145 2.9% | 9,681 5.9% | 9,959 2.9% | 10,235 2.8% |
| GDP deflator (base year = 100) | 100.000 | 103.000 | 105.833 | 108.743 | 111.733 |
| Net Resource Requirement (real) % real increase | 8,889 | 8,879 -0.1% | 9,147 3.0% | 9,158 0.1% | 9,160 0.0% |
| Index of NRR (real) | 100.0 | 99.9 | 102.9 | 103.0 | 103.0 |

Appendix 2: Reports Published in 2007-08

| Title | NIA/HC Number |
|--|----------------------|
| Good Governance – Effective Relationships between Departments and their Arms Length Bodies | HC 469 |
| Job Evaluation in the Education and Library Boards | NIA 60 |
| Northern Ireland's Road Safety Strategy | NIA 1 |
| Transfer of Surplus Land in the PFI Education Pathfinder Projects | NIA 21/07-08 |
| Older People and Domiciliary Care | NIA 45/07-08 |
| Social Security Benefit Fraud Error | NIA 73/07-08 |
| Electronic Service Delivery within Northern Ireland Government Departments | NIA 97/07-08 |
| Northern Ireland Tourist Board Contract to Manage the Trading Activities of Rural Ltd | NIA 113/07-08 |
| Other Reports Published in 2007-08: | |
| Financial Auditing and Reporting 2003-04 and 2004-05 | NIA 66/06-07 |
| Financial Auditing and Reporting 2005-06 | NIA 65/06-07 |

Appendix 3: Trends in Number of Accounts Audited by NIAO

| | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Statutory Audits | | | | | | | | | | |
| Resource Accounts | 17 | 17 | 17 | 17 | 17 | 17 | 20 | 18 | 18 | 18 |
| Revenue Accounts | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Executive Agencies | 22 | 19 | 19 | 19 | 19 | 17 | 15 | 10 | 10 | 10 |
| Health Service Accounts | - | - | 71 | 71 | 72 | 72 | 32 | 32 | 26 | 25 |
| Other Statutory Certification | 45 | 45 | 49 | 50 | 51 | 53 | 52 | 70 | 59 | 58 |
| Other Statutory Examination | 6 | 6 | - | - | - | - | - | - | - | - |
| Central Government Accounts | - | - | 1 | 1 | 1 | - | - | - | - | - |
| Whole of Government Accounts | - | - | - | - | - | - | - | - | - | 1 |
| Agreement Audits ⁽²⁾ | | | | | | | | | | |
| IFRS Resource Accounts – Dry Run | - | - | - | - | - | - | - | 80 | - | - |
| Whole of Government Accounts – Dry Run | - | - | - | - | 1 | 1 | 1 | 1 | 1 | - |
| Other | 21 | 21 | 21 | 16 | 15 | 15 | 19 | 13 | 13 | 13 |
| Audits carried out on behalf of the National Audit Office | 25 | 25 | 31 | 31 | 33 | 35 | 32 | 32 | 32 | 32 |
| IFRS Audits for NAO | - | - | - | - | - | - | - | 26 | | |
| Central Government TOTAL | 137 | 135 | 210 | 206 | 209 | 211 | 172 | 283 | 160 | 158 |
| Local Government | - | - | 28 | 29 | 29 | 29 | 29 | 29 | 44 | 44 |
| TOTAL | 137 | 135 | 238 | 235 | 238 | 240 | 197 | 312 | 204 | 202 |

Notes:

- 1) The number of accounts shown relates to those to be audited during the financial year indicated. The figures in this table do not take into account the effect of devolution of security and justice should this occur during the corporate planning period.
- 2) Accounts subject to audit by agreement between the Office, the Department of Finance and Personnel and the body concerned.

| | Data Sets | | | | | | | | | | | |
|--|-----------|----------|---------------------------------|-------------------------------|-----------------|-----------------|--------------|-------------|--|----------------|-------|--------------------|
| | Payroll | Pensions | Trade Creditors Payment History | Trade Creditors Standing Data | Housing Benefit | Housing Tenants | Right to Buy | Blue Badges | Private Supported Care Homes residents | Electoral Data | Rates | Companies Registry |
| Mandatory Participants | | | | | | | | | | | | |
| <i>Northern Ireland Departments including Executive Agencies:</i> | | | | | | | | | | | | |
| Department of Agriculture and Rural Development | ✓ | | ✓ | ✓ | | | | | | | | |
| Department of Culture, Arts and Leisure | ✓ | | ✓ | ✓ | | | | | | | | |
| Department of Education | ✓ | ✓ | ✓ | ✓ | | | | | | | | |
| Department for Employment and Learning | ✓ | | ✓ | ✓ | | | | | | | | |
| Department of Enterprise, Trade and Investment | ✓ | | ✓ | ✓ | | | | | | | | ✓ |
| Department of the Environment | ✓ | | ✓ | ✓ | | | | | | | | |
| Department of Finance and Personnel | ✓ | ✓ | ✓ | ✓ | ✓ | | | | | | ✓ | |
| Department of Health, Social Services and Public Safety | ✓ | ✓ | ✓ | ✓ | | | | | | | | |
| Department for Regional Development | ✓ | | ✓ | ✓ | | | | ✓ | | | | |
| Department for Social Development | ✓ | | ✓ | ✓ | | | | | | | | |
| Office of the First Minister and Deputy First Minister | ✓ | | ✓ | ✓ | | | | | | | | |
| <i>Other central government bodies:</i> | | | | | | | | | | | | |
| Belfast Education and Library Board | ✓ | | ✓ | ✓ | | | | | | | | |
| North Eastern Education and Library Board | ✓ | | ✓ | ✓ | | | | | | | | |
| South Eastern Education and Library Board | ✓ | | ✓ | ✓ | | | | | | | | |
| Southern Education and Library Board | ✓ | | ✓ | ✓ | | | | | | | | |
| Western Education and Library Board | ✓ | | ✓ | ✓ | | | | | | | | |
| Invest Northern Ireland | ✓ | | ✓ | ✓ | | | | | | | | |
| Northern Ireland Assembly | ✓ | | ✓ | ✓ | | | | | | | | |
| National Museums and Galleries of Northern Ireland | ✓ | | ✓ | ✓ | | | | | | | | |
| NI Council for the Curriculum, Examinations and Assessment | ✓ | | ✓ | ✓ | | | | | | | | |
| Northern Ireland Fire and Rescue Service | ✓ | ✓ | ✓ | ✓ | | | | | | | | |
| Northern Ireland Housing Executive | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | | | | | |
| Northern Ireland Tourist Board | ✓ | | ✓ | ✓ | | | | | | | | |

| | Data Sets | | | | | | | | | | | |
|--|-----------|----------|---------------------------------|-------------------------------|-----------------|-----------------|--------------|-------------|--|----------------|-------|--------------------|
| | Payroll | Pensions | Trade Creditors Payment History | Trade Creditors Standing Data | Housing Benefit | Housing Tenants | Right to Buy | Blue Badges | Private Supported Care Homes residents | Electoral Data | Rates | Companies Registry |
| Health Services Bodies: | | | | | | | | | | | | |
| Central Services Agency | ✓ | | ✓ | ✓ | | | | | | | | |
| Belfast Health and Social Care Trust | ✓ | | ✓ | ✓ | | | | | ✓ | | | |
| Northern Health and Social Care Trust | ✓ | | ✓ | ✓ | | | | | ✓ | | | |
| South Eastern Health and Social Care Trust | ✓ | | ✓ | ✓ | | | | | ✓ | | | |
| Southern Health and Social Care Trust | ✓ | | ✓ | ✓ | | | | | ✓ | | | |
| Western Health and Social Care Trust | ✓ | | ✓ | ✓ | | | | | ✓ | | | |
| Eastern Health and Social Services Board | ✓ | | ✓ | ✓ | | | | | | | | |
| Northern Health and Social Services Board | ✓ | | ✓ | ✓ | | | | | | | | |
| Southern Health and Social Services Board | ✓ | | ✓ | ✓ | | | | | | | | |
| Western Health and Social Services Board | ✓ | | ✓ | ✓ | | | | | | | | |
| NI Ambulance Service HSS Trust | ✓ | | ✓ | ✓ | | | | | | | | |
| Local Government Bodies: | | | | | | | | | | | | |
| Antrim Borough Council | ✓ | | ✓ | ✓ | | | | | | | | |
| Ards Borough Council | ✓ | | ✓ | ✓ | | | | | | | | |
| Armagh City & District Council | ✓ | | ✓ | ✓ | | | | | | | | |
| Ballymena Borough Council | ✓ | | ✓ | ✓ | | | | | | | | |
| Ballymoney Borough Council | ✓ | | ✓ | ✓ | | | | | | | | |
| Banbridge District Council | ✓ | | ✓ | ✓ | | | | | | | | |
| Belfast City Council | ✓ | | ✓ | ✓ | | | | | | | | |
| Carrickfergus Borough Council | ✓ | | ✓ | ✓ | | | | | | | | |
| Castlereagh Borough Council | ✓ | | ✓ | ✓ | | | | | | | | |
| Coleraine Borough Council | ✓ | | ✓ | ✓ | | | | | | | | |
| Cookstown District Council | ✓ | | ✓ | ✓ | | | | | | | | |
| Craigavon Borough Council | ✓ | | ✓ | ✓ | | | | | | | | |
| Derry City Council | ✓ | | ✓ | ✓ | | | | | | | | |
| Down District Council | ✓ | | ✓ | ✓ | | | | | | | | |
| Dungannon & South Tyrone District Council | ✓ | | ✓ | ✓ | | | | | | | | |

| | Data Sets | | | | | | | | | | | |
|--|-----------|----------|---------------------------------|-------------------------------|-----------------|-----------------|--------------|-------------|--|----------------|-------|--------------------|
| | Payroll | Pensions | Trade Creditors Payment History | Trade Creditors Standing Data | Housing Benefit | Housing Tenants | Right to Buy | Blue Badges | Private Supported Care Homes residents | Electoral Data | Rates | Companies Registry |
| Fermanagh District Council | ✓ | | ✓ | ✓ | | | | | | | | |
| Larne Borough Council | ✓ | | ✓ | ✓ | | | | | | | | |
| Limavady Borough Council | ✓ | | ✓ | ✓ | | | | | | | | |
| Lisburn City Council | ✓ | | ✓ | ✓ | | | | | | | | |
| Magherafelt District Council | ✓ | | ✓ | ✓ | | | | | | | | |
| Moyle District Council | ✓ | | ✓ | ✓ | | | | | | | | |
| Newry & Mourne District Council | ✓ | | ✓ | ✓ | | | | | | | | |
| Newtownabbey Borough Council | ✓ | | ✓ | ✓ | | | | | | | | |
| North Down Borough Council | ✓ | | ✓ | ✓ | | | | | | | | |
| Omagh District Council | ✓ | | ✓ | ✓ | | | | | | | | |
| Strabane District Council | ✓ | | ✓ | ✓ | | | | | | | | |
| NI Local Government Officers' Superannuation Committee | | ✓ | | | | | | | | | | |
| Voluntary participants | | | | | | | | | | | | |
| Electoral Office | | | | | | | | | | ✓ | | |
| Northern Ireland Audit Office | ✓ | | ✓ | ✓ | | | | | | | | |
| Northern Ireland Court Service | ✓ | | | | | | | | | | | |
| Translink | ✓ | | | | | | | | | | | |