

**Northern Ireland Audit Office Resource Accounts  
For the year ended 31 March 2008**

*Laid before the Northern Ireland Assembly by the Department of Finance and  
Personnel under paragraph 4(2) of Schedule 2 to the Audit (Northern Ireland) Order  
1987.*

*20 June 2008*



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# **NORTHERN IRELAND AUDIT OFFICE**

## **Resource Accounts for the year ended 31 March 2008**

Contents	Page
Management Commentary	4
Corporate Governance in the Northern Ireland Audit Office	12
Directors' Report	17
Directors' Remuneration Report	21
Statement of Accounting Officer's Responsibilities	26
Statement on Internal Control	27
The Certificate and Report of the Auditor to the Northern Ireland Assembly	30
Statement of Parliamentary Supply	32
Operating Cost Statement and Statement of Recognised Gains and Losses	34
Balance Sheet	36
Cash Flow Statement	37
Statement of Operating Cost by Departmental Aim and Objective	38
Notes to the Financial Statements	39

## **MANAGEMENT COMMENTARY**

### **Nature, objectives and strategies of the Northern Ireland Audit Office**

The Northern Ireland Audit Office's (NIAO) strategic objectives are:

- 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;
- To promote an effective and independent audit of local government bodies;
- 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;
- To meet the requirements placed on the Office by legislation (principally, the Audit (Northern Ireland) Order 1987; the Northern Ireland Act 1998; the Government Resources and Accounts Act (Northern Ireland) 2001; and the Audit and Accountability (Northern Ireland) Order 2003). This includes fulfilment of the Office's obligations under Section 75 of the Northern Ireland Act 1998 in relation to promotion of equality of opportunity and good relations in all its policies and procedures; and
- To value staff and develop their full potential.

The work of NIAO is set out in its Corporate Plan which can be found on NIAO's website, [www.niauditoffice.gov.uk](http://www.niauditoffice.gov.uk) . This plan provides a three year rolling programme for the Office together with the related resources.

The Office is comprised of four Divisions: three operational divisions (Central Government Financial Audit, Central Government Value for Money Audit and Local Government Audit) and one central support services division.

The principal activities of the Northern Ireland Audit Office are:

- Authorising the issue of public funds from the Consolidated Fund for Northern Ireland;
- Auditing and reporting on the annual accounts of public bodies;
- Examining and reporting to the Northern Ireland Assembly about whether public bodies spend taxpayers' money economically, efficiently and effectively;
- Examining risks to regularity, propriety and financial control and reporting results to individual public bodies and the Northern Ireland Assembly; and

- Providing audited bodies with constructive advice to help them improve their corporate governance, risk management control and reporting.

## **Financial Resources**

The activities undertaken by NIAO flow from the statutory functions and obligations of the Comptroller and Auditor General (C&AG) for Northern Ireland and are funded by parliamentary grant. In certain circumstances the C&AG may charge a fee for audits.

The Northern Ireland Audit Office's fixed asset base comprises its headquarters building, with associated fixtures and fittings and information and communications technology equipment. The Office continues to expand its asset base to support the increasing use of information technology in its work, and to refresh its information technology hardware and software.

The NIAO's resources are obtained via Supply Estimates produced on an annual basis and which are scrutinised and approved by the Audit Committee of the Northern Ireland Assembly.

## **A review of Performance in 2007-08**

Over the past year the NIAO:

- Audited 244 accounts (2006-07 238 accounts);
- Produced a report on the results of financial audit work on central government and health and personal social services bodies 2006-07 accounts;
- Published 8 value for money reports (2006-07 11). We also had 12 evidence sessions with the Public Accounts Committee. Details of the reports published in 2007-08 can be obtained from our website, [www.niauditoffice.gov.uk](http://www.niauditoffice.gov.uk);
- Responded to all enquiries from elected representatives, members of the public and ensured that information from whistle blowers is handled appropriately;
- Increased its support for departments' action against public sector fraud and continued to encourage departments' participation in the National Fraud Initiative;
- Worked with departments to improve corporate governance in the public sector in Northern Ireland;
- Provided a high level of support for audited bodies in meeting the challenge of producing good quality accounts;
- Continued to work closely with the Republic of Ireland C&AG's Office in Dublin; and

- Carried out work in the area of PFI, to highlight best practice and to promote the extensive lessons emerging from the experience of PFI in other regions.

In addition to promoting best practice through published reports, staff have spoken at conferences, seminars and workshops and have also contributed articles to relevant publications.

The resources used by the NIAO in pursuit of the above are set out in the following table. The table compares the NIAO's financial outturn for 2007-08 with its Estimate:

	Estimate £'000	Outturn £'000	Saving/(Excess)	
			£ '000	%
<b>Gross Resource Requirement</b>	10,806	10,674	132	1.68
<b>Income</b>	1,917	1,917	0	0
<b>Net Resource Requirement</b>	8,889	8,757	132	2.0
<b>Capital</b>	385	324	61	16

The above gross expenditure is made up of:

- Salaries, both those of permanent staff (66%) and temporary appointments and consultants (4%);
- Expenditure on audits which are contracted out (13%);
- Non cash costs such as depreciation, cost of capital and early retirement provision (7%); and
- The remaining 10% is made up of a variety of smaller elements of expenditure ranging from the day to day running costs of NIAO's Office in University Street to matters such as training for staff including professional training through to expenditure on legal advice. A detailed breakdown of this can be found in note 8 to the resource account.

The income consists of fees levied for some audits and includes fees:

- from some central government bodies;
- received from the National Audit Office for audits we carry out on its behalf; and
- from Local Councils.

The capital expenditure is a made up of:

- a. The completion of the work to the NIAO's Offices at University Street. This work was started in 2006-07 and was undertaken so that all the NIAO staff would be based at one location. Prior to this NIAO staff were based at University Street, Belfast City Hall and Londonderry House in Chichester Street;
- b. The replacement of laptops, servers and other pieces of hardware and software in accordance with our rolling programme for replacement; and
- c. The implementation of a project management system.

## **Future Development of the NIAO's work and Resources Required**

The Corporate Plan which covers the period 2008-09 to 2010-11 provides detail on the NIAO's strategic issues. These are listed in the Introduction to the Plan and include:

- Supporting the strengthening of good governance in public services;
- Addressing the impact of new legislation affecting local government accounting and auditing;
- Helping to deliver the Government's commitment to faster closing of accounts and Whole of Government Accounts;
- Meeting the need for increased audit coverage of IT systems;
- Enhancing action by public sector bodies to combat fraud;
- Supporting the development of Account NI (implementation of a common accounting system in Central Government); and
- Assuming responsibility for the audit of the six reconstituted Further Education colleges.

The resources required by the NIAO to enable it to deal with these strategic issues in 2008-09 are laid out in the table below:

	<b>2008-09 £'000</b>
Gross Resource Requirement	11,527
Income	2,382
Net Resource Requirement	9,145
Capital	300

The above figures do not include resources to deal with:

- The audit implications of any devolution of Law and Order functions to the Assembly; and
- Changes to audit requirements following decisions by the Assembly on RPA.

### **Staff Resources**

During the 2007-08 year the NIAO had a total of 142 whole time equivalents. Of these staff 49 per cent or 70 whole time equivalents were qualified accountants.

The NIAO is actively engaged in the recruitment of trainee accountants and currently has 21 trainees, of these, five are due to complete their professional training in June 2008 and another six will commence in September 2008.

The NIAO considers its staff to be its most valuable asset and recognises it is important that staff are appropriately trained and experienced. Accordingly in 2007-08 staff undertook a total of 2,245 staff days of training at 102 separate training events.

Consistent with his responsibilities as Accounting Officer, the Comptroller and Auditor General for Northern Ireland has issued to all Northern Ireland Audit Office employees:

- A Vision, Mission and Values Statement – the purpose of the Statement is to ensure that each employee undertakes the work of the Office by reference to a clear set of core values which include integrity and professional excellence; and
- A Code of Conduct - the purpose of the Code is to provide all staff with clear guidance on the standards of corporate and personal conduct expected of them. The code includes statements on the conduct of Northern Ireland Audit Office work, confidentiality, conflicts of interests and personal conduct.

### **Reconciliation of Resource Expenditure Between Estimates, Accounts and Budgets**

The Government Financial Reporting Manual requires a table showing a reconciliation on an outturn basis between the Net Resource Outturn, the Net Operating Cost and the Budget figure. In NIAO's case the reconciliation between the Net Resource Outturn and the Net Operating Cost is shown at note 2 and there are no further reconciling items between the Net Operating Cost and the NIAO's budget.

## Principal Risks and Uncertainties

The Northern Ireland Audit Office (NIAO) identifies its risks in accordance with the guidance issued by Treasury in its publication 'The Orange Book – Management of Risk Principles and Concepts'.

Each of the four divisions within the NIAO has its own risk register and from these an overall corporate risk register is produced. The corporate register is prepared on the basis of an assessment of the risks impacting on the achievement of the NIAO's objectives for 2007-08 as laid out in its Corporate Plan. These documents are considered to be working documents subject to regular review and update. Each risk register includes details of how the risk is managed or what needs to be done to ensure it becomes managed, together with target dates and the names of individuals responsible for ensuring that the risk is managed.

The corporate risk register contains seven high level risks many of which, if they were not dealt with, would result in damage to the reputation of the C&AG. These are outlined below:

1. The NIAO's resource accounts qualified or reported on.

In order to avoid this happening the NIAO has put in place procedures to ensure that:

- Accruals based management information is provided on a monthly basis to budget holders and senior management for their scrutiny and the subsequent amendment of the accounting system. This information covers both outturn to date and projected budget;
- Quarterly resource accounts are produced;
- Budget holders are fully aware of their responsibilities and with the concepts of regularity and propriety; and
- Appropriate training courses are attended by staff involved in the process.

2. Failure to provide a Corporate Plan and Estimate that secures adequate resources .

In order to avoid this happening the NIAO work to a timetable with clear target dates for the production of the Corporate Plan and the Estimate. This timetable is communicated to heads of divisions together with details of the input required from each. The day to day monitoring of the process is the responsibility of an audit manager with regular meetings with the C&AG and Assistant Auditor Generals before and during the process.

3. Amounts issued from Consolidated Fund not in accordance with the Assembly's authorisation.

In order to ensure that this does not occur the NIAO has properly documented procedures in place which are regularly reviewed and updated as necessary. All staff involved in the approval process are provided with these procedures. Training was provided in 2007-08 to all managers and directors.

All requests for supply issues are subject to two levels of review before final approval is given.

4. Inappropriate audit opinion placed on financial statements.

The NIAO has put in place a wide range of controls to ensure that the correct opinion is placed on all accounts, some of which are:

- Common audit methodology applied to all audits with staff appropriately trained in the methodology;
- Two stage review applied to all audits;
- Independent review of high risk audits;
- Regular training updates for staff covering audit and accounting standards;
- Hot review of high risk accounts;
- Training in regularity and propriety; and
- Close liaison with private sector auditors contracted by the NIAO to carry out audits, including an appropriate level of review of their work.

5. Failure to comply with legislative requirements

In order to avoid this risk materialising, the NIAO has :

- Equality procedures in place and all staff trained in the requirements of this legislation;
- An appropriately trained Health and Safety Officer;
- Use of the Departmental Solicitor's Office for employment law matters;
- An Information Officer who oversees the implementation of Data Protection and Freedom of Information Acts; and
- A procurement policy to ensure compliance with EU directives and best practice.

6. Failure to provide sufficient, timely reports to the Assembly.

This is mitigated against by:

- Monthly meetings to monitor progress;
- Structured staff training;
- A programme of survey and monitoring from which study topics are identified;
- The use of secondees, consultants and temporary appointments to increase capacity;
- Revised project management training and improved management information systems;

- Reducing elapsed time from start to finish of the report cycle to, on average 12 months;
  - Targeting of reports for fast-track clearance.
7. Failure to provide a timely response to correspondence from Assembly Members and others.

During the course of the year an improved tracking system was put in place to manage this risk. There are clear procedures and timelines agreed throughout the Office.

## Relationships

In 2007-08 the NIAO had important relationships with a number of bodies, namely:

- The Public Accounts Committee (PAC) – during the first year of restoration, the NIAO had 12 evidence sessions with the PAC;
- The Audit Committee of the Northern Ireland Assembly and the Department of Finance and Personnel for the approval of the NIAO's Estimate and Corporate Plan;
- Other audit institutions, mainly the National Audit Office (NAO), the Wales Audit Office, Audit Scotland and the Office of the Irish Comptroller and Auditor General. NIAO liaises closely with these bodies in terms of identification of best practice. NIAO carries out audits on behalf of the NAO of GB bodies based in Northern Ireland such as the Northern Ireland Court Service, the Northern Ireland Office and Police Service of Northern Ireland; and
- Private sector audit firms which we contract to carry out some of our audits.

J M Dowdall CB  
Comptroller and Auditor General for Northern Ireland

10th June 2008

## **Corporate Governance in the Northern Ireland Audit Office (NIAO)**

### **Introduction**

This report gives an account of the Corporate Governance arrangements in place within NIAO.

### **Parliamentary Accountability**

1. During the suspension of devolution in Northern Ireland, the NIAO was accountable to the Westminster Parliament through the Public Accounts Commission. Since 8<sup>th</sup> May 2007, the NIAO had been accountable to the Northern Ireland Assembly through the Assembly's Audit Committee.
2. The Public Accounts Commission at Westminster scrutinised the NIAO's 2007-08 Estimate. Following the restoration of the Northern Ireland Assembly, it was also examined by the Assembly's Audit Committee.

### **Senior Management**

3. The Comptroller and Auditor General (Mr. John M Dowdall CB) is the Accounting Officer for the NIAO and he has allocated responsibilities to senior management along functional lines i.e. Central Government Financial, Value for Money audit and Local Government audit. In addition to the audit functions there is a Corporate Services Division. The Value for Money audit section is headed up by the Deputy Comptroller and Auditor General (DC&AG) and all other sections are headed by an Assistant Auditor General (AAG).
4. Until September 2007, a senior management group, made up of the Comptroller and Auditor General (C&AG), nine other senior managers and two non-executive members oversaw the running of the NIAO. Following a review it was decided that a more effective structure could be put in place. An examination of various other models used by similar organisations was undertaken and it was decided to implement a two tier structure. It was further decided that this should be piloted for a year and then reviewed again. The top tier consists of a Management Board whose membership is made up of the C&AG, the DC&AG and two non-executives. The second tier is referred to as the Management Team and membership is made up of the DC&AG and the AAGs, but all other directors are welcome to attend meetings in a non-decision making capacity.
5. The Board is chaired by the C&AG, meets quarterly and is responsible for the following:
  - Approval of the Corporate Plan;
  - Budget, profiling and monitoring of expenditure in year;
  - Human resource planning;
  - Resource Accounts;

- Consideration of reports from the Audit Committee and any ad hoc committees which will be in existence from time to time;
  - Consideration of the risk register and the NIAO's own corporate governance procedures;
  - Equality and diversity issues; and
  - Ad hoc reports which the Board decides it should have sight of.
6. The Management Team is chaired by the DC&AG, meets monthly and is responsible for many of the same areas as the Board to whom it reports its opinion on those areas, e.g. budget monitoring. In addition it is responsible for:
- Personnel and Staffing;
  - Quality and impact;
  - Review of work progress by each division; and
  - IT and security.
7. This two-tier structure will be subject to review in terms of effectiveness in September 2008, one year after the new structure came into being,

### **NIAO's Vision and Mission**

8. The Office has a Vision, Mission and Values statement which is set out in the Corporate Plan.
9. To ensure the fulfilment of the NIAO's aim and objectives:
- a) The Board and Management Team take an active role in advising on the allocation of resources, both financial and human. The C&AG, DC&AG and all AAGs are directly involved in the production of the annual estimates through their assessment of the resource requirements for each division and by collectively challenging the resultant draft Estimate. The same challenge function operates during the compilation of the Corporate Plan.
  - b) The Board and Management Team receive budget and projected outturn information on a quarterly and monthly basis respectively for scrutiny and challenge. Quarterly resource accounts are also produced.
  - c) On a quarterly basis each audit division presents a progress report to the Board and Management Team which monitors the progress of work against predetermined targets. This helps to highlight any potential backlogs, new work or efficiency savings.
10. The Management Team meets once a month and all meetings have a set agenda with several standing items, e.g. review of the budget. Members are free to submit items for inclusion on the agenda. The Board meets once a quarter. One of the Board members, the DC&AG is also chair of the Management Team.

11. All meetings are minuted and approximately one week following the Management Team meeting, the outcome of the discussions are communicated to staff through a team briefing process.

### **Audit Committee**

12. As part of our review of the governance structures, the composition of the Audit Committee was changed during 2007-08 to adjust the balance between executive and non-executive members. The membership of the Audit Committee is now comprised of:

- Two non-executives (one of whom chairs the Committee); and
- One executive director

The Terms of Reference for the Audit Committee were reviewed during 2007-08 and are currently being amended. Following final agreement to them by the Audit Committee they will be put on the Office's website.

13. Following the review of the Audit Committee's Terms of Reference, it was agreed that it would meet three times a year; this is considered satisfactory and proportionate to the size and complexity of the organisation.
14. The Audit Committee is chaired by one of the non-executive directors. This individual is also on the Board and he will report the outcome of the work of the Audit Committee to the Board.

### **Other Sub-Committees**

15. As well as the Audit Committee, the Management Team is supported by two standing sub-committees:
  - The Information Technology Strategy Committee which meets to monitor approved strategies and to inform the IT development process; and
  - The Information Technology Security Committee which meets to consider all aspects of IT security.
16. Both of these committees are chaired by Management Team members and whilst these groups may develop proposals for the way ahead, these must be put to the Management Team for discussion and decision, e.g. IT strategy proposals.

### **The Skills and Experience of the Board and Management Team Members**

17. The NIAO considers that both the Board and Management Team has an appropriate mix of staff to enable it to perform effectively:

- Senior management contains a high level of accounting and audit expertise and skills.
  - All executive members are experts in their particular field of audit, in the environment in which the NIAO operates, and are fully aware of the expectations of the NIAO's stakeholders. Both executive and non-executive members provide constructive advice and a challenge function when it comes to formulating policy; and
  - The NIAO is to introduce a compulsory formal continuous professional development scheme for all staff.
18. All senior managers are required to complete a 'Conflicts of Interest' Declaration. They are also required to disclose, on an ongoing basis, any changes in circumstances which could possibly result in an actual or perceived conflict of interest.

### **Independent Non-Executives**

19. The NIAO has two non-executive director members on its Board, Mr. G. Smyth and Mr. G. Martin and both members are considered to be independent in character and judgement.
20. As noted in the Directors' report Mr. Smyth is a Director of the Office of the Irish Comptroller and Auditor General with which the NIAO has a professional relationship based on areas of mutual interest. Both Offices are jointly responsible for the audit of the accounts of the North/South Implementation Bodies.
21. The NIAO considers that, as Mr. Smyth is a senior member of a national audit institution, he is fully aware of the need for independence and for the need to exercise his professional judgement in an independent way.
22. Mr. Martin is a senior lecturer in accounting at the University of Ulster. At present the C&AG is a visiting professor at the University but the role he has is one which does not include any payment, is minor in terms of time involved and does not entail any direct dealings with Mr. Martin. The NIAO considers therefore that the relationship between the C&AG and the University does not impact on the ability of Mr. Martin to exercise independence in his dealings with the NIAO.
23. The non-executive directors were appointed by the C&AG on the basis of their previous experience. One works in a similar audit institution and has a good understanding and appreciation of the environment within which the NIAO operates. The other non-executive has experience of being the Chair of the Audit Committee in another public sector body, similar in size to the NIAO and with an associated regulatory role. He also specialises in the area of governance in his post at the University of Ulster.
24. When the non-executive directors were appointed their role and responsibilities were explained to them by the C&AG. He also provided one to one informal induction training for both of them. Given their

background and previous experiences this was considered to be sufficient and appropriate.

25. The C&AG meets periodically with the non-executives individually to provide them with information regarding issues affecting the NIAO. He also makes himself available to discuss any issue which may be of concern to one or other and on which they would like more information or have questions.
26. Mr. Martin is also named in the NIAO's Whistleblowing policy as a contact point to which NIAO staff may refer concerns about what is happening within the NIAO itself.

### **Internal Controls**

27. As noted in the Management Commentary, the NIAO identifies its risks in accordance with the guidance issued by Treasury in its publication 'The Orange Book – Management of Risk Principles and Concepts'. Further details of these risks and their control can be found there.

JM Dowdall CB  
Comptroller and Auditor General for Northern Ireland

10th June 2008

## **Directors' Report**

### **Review of 2007-08**

Until May 2007, the NIAO reported the results of its work to Parliament. From that time on the NIAO then reported to the Northern Ireland Assembly. During that year the NIAO contributed to Assembly scrutiny in a number of ways and these are outlined in the Management Commentary report.

Further detail on the work of the Northern Ireland Audit Office, its future challenges, and the impact of its work can be found in its Corporate Plan. This is available on the Northern Ireland Audit Office Website, [www.niauditoffice.gov.uk](http://www.niauditoffice.gov.uk). The Corporate Plan is a three year rolling document which is presented to the Audit Committee of the Northern Ireland Assembly. The plan covering the period 2008-09 to 2010-11 was presented to the Audit Committee in November 2007.

The information in the 2007-08 to 2009-10 Corporate Plan underpinned the Resource Budget and Estimates for the 2007-08 year. These Estimates were presented to the Public Accounts Commission (TPAC) at Westminster and the NI Assembly's Audit Committee for approval.

### **Membership of Senior Management**

The NIAO's Senior Management is comprised of the Comptroller and Auditor General (John M Dowdall CB, C&AG), the Deputy Comptroller and Auditor General (DC&AG) and the three Assistant Auditor Generals. The NIAO also has two non-executive members who attend Board Meetings. Senior management, via the Board and Management Team structure outlined in the Corporate Governance report above advises the Comptroller and Auditor General for Northern Ireland on the discharge of his statutory duties.

The C&AG has appointed one of his Assistant Auditor Generals as the Principal Establishment and Finance Officer. The responsibilities of this individual are the same as those set out in "Government Accounting Northern Ireland" for the Principal Finance Officers of government departments.

## Senior Management Group Members

The members as at 31 March 2008 were:

Comptroller and Auditor General	J M Dowdall CB
Deputy Comptroller and Auditor General	K J Donnelly (Promoted from 3 September 2007)
Assistant Auditor Generals	J Buchanan (Chief Local Government Auditor)
	M A L Mason (Mrs) (Promoted from 21 November 2007)
	J M Sides (Mrs) (Temporarily promoted from 8 October 2007)
Non- Executive Directors	G Smyth (Office of the Comptroller and Auditor General, Dublin) G Martin (University of Ulster)

## Committees

In addition to the Senior Management Group, the C&AG for Northern Ireland is supported by three standing advisory committees:

The Audit Committee – comprising the two non-executive directors and one executive director. It is chaired by a non-executive member (G Smyth). The Committee meets three times a year and addresses issues raised by the Northern Ireland Audit Office’s internal and external auditors.

The Information Technology Strategy Committee – comprising the DC&AG, two Assistant Auditor Generals, one Director and the Network Manager, meets to monitor approved strategies and to inform the development process.

The Information Technology Security Committee – comprising one Assistant Auditor General, one Audit Manager (Personnel) and the Network Manager.

## Auditors of the Northern Ireland Audit Office

The current auditors for NIAO are Baker Tilly Mooney Moore (Chartered Certified Accountants and Registered Auditors). The cost of the 2007-08 audit is £6,696.

Baker Tilly Mooney Moore also undertook several other pieces of work including updating the SAGE account package and the review of the work we carry out to evaluate our impact. This work cost £3,947.

## **Information required by the Auditor**

All steps have been taken to ensure that the NIAO's auditors have been made aware of all relevant information.

## **Payment of Suppliers**

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

During 2007-08 the Northern Ireland Audit Office paid approximately 99.16 per cent of bills (2006-07: 99.18 per cent) within this standard.

## **Staff Issues**

The Northern Ireland Audit Office has a policy of close co-operation and consultation with the Northern Ireland Audit Office branch of the Northern Ireland Public Service Alliance and Association of First Division Officers over matters affecting staff. To ensure effective operation of this policy, a Joint Negotiating and Consultative Committee has been established. Staff involvement is also actively encouraged as part of the day-to-day process of line management and information on financial results and current and prospective developments is widely disseminated.

## **Equal Opportunities**

The Northern Ireland Audit Office is committed to the principle of equality of opportunity in employment and has established procedures to ensure that all staff and job applicants are entitled to fair and equal treatment free from unfair and unlawful discrimination.

## **Disabled Persons**

The Northern Ireland Audit Office is fully committed to providing equal opportunity for all staff, and disability itself is not a bar to recruitment, training or to advancement of staff within the Northern Ireland Audit Office.

## **Health, Safety and Welfare**

It is the policy of NIAO to comply fully with the requirements of the Health and Safety at Work (Northern Ireland) Order 1978. This entails ensuring, so far as it is reasonably practicable, the health, safety and welfare of its employees at work and for others who may be affected by its operations. In addition, there is a duty to ensure

that the discharge of these responsibilities shall be an integral part of the duties and objectives of the NIAO. Accordingly the NIAO has established procedures to ensure that this is the case. This includes having a designated Health and Safety Officer responsible for considering and advising on whether the NIAO policy statement on Health and Safety and the organisation and arrangements for carrying out that policy fulfill the requirements of the relevant legislation and regulations in force at any time. A Health and Safety Committee has also been established under the Chairmanship of an Assistant Auditor General and is comprised of the Health and Safety Officer and Health and Safety representatives nominated by the Trade Unions. Staff are encouraged to bring health and safety matters to the attention of these individuals.

In terms of staff welfare the NIAO has access to the Department of Finance and Personnel's Staff Welfare Scheme, which exists to enable all staff to be effective at work through the provision of a professional and confidential advice and information service. The NIAO has also signed up to the Northern Ireland Civil Service independent and confidential counselling, support and advice service. This service is totally external to the Northern Ireland Civil Service and the NIAO.

J M Dowdall CB  
Comptroller and Auditor General for Northern Ireland

10th June 2008

## **Directors' Remuneration Report**

### **Remuneration Policy**

#### **Comptroller and Auditor General**

The Audit (Northern Ireland) Order 1987 provides for the remuneration of the Comptroller and Auditor General for Northern Ireland and for it to be met from the Consolidated Fund for Northern Ireland.

#### **Senior Management**

Under the provisions of the Audit (Northern Ireland) Order 1987, the Comptroller and Auditor General for Northern Ireland determines the level of remuneration for all employees within the Northern Ireland Audit Office, including his senior executives. In determining the remuneration and other terms and conditions the Comptroller and Auditor General for Northern Ireland is required to have regard to the terms and conditions applying to persons employed in the National Audit Office established under Section 3 of the National Audit Act 1983 and in the Civil Service of Northern Ireland. Each year's settlement is reviewed in the context of the NAO and Northern Ireland Civil Service settlements and the recruitment and wastage circumstances in the NIAO.

The pay award for Senior members is a percentage uplift on basic pay. The percentage applied is based on an assessment of performance of an individual throughout the previous year.

### **Contracts of Employment**

#### **Comptroller and Auditor General**

Under the provisions of the Northern Ireland Act 1998 the office of the Comptroller and Auditor General for Northern Ireland is a Crown appointment made on the nomination of Northern Ireland Assembly. The Comptroller and Auditor General for Northern Ireland retains office unless removed by a resolution of Northern Ireland Assembly and supported by at least two thirds of its members. Under the provision of the Audit (Northern Ireland) Order 1987 the Comptroller and Auditor General (C&AG) is a Corporation Sole. The current Comptroller and Auditor General for Northern Ireland is John M Dowdall CB.

#### **Senior Management**

Appointments to senior management are made by the C&AG on the basis of fair and open competition. Unless otherwise stated the officials covered by this report hold appointments which are open-ended until they reach the normal retiring age of 60. When holding competitions and making appointments the C&AG will take into account the Northern Ireland Civil Service policies and procedures in this area.

## **Remuneration and Pension Entitlements**

The following sections provide details of the remuneration and pension interests of the C&AG and senior officials of the Office.

### **Remuneration of the Comptroller and Auditor General for Northern Ireland** (This section is covered by the audit opinion)

By statute the remuneration of the C&AG for Northern Ireland and associated employer's national insurance contributions are met directly from the Consolidated Fund. For the year ended 31 March 2008 the amount paid in respect of the Comptroller and Auditor General's remuneration was £179,070.13 (2006-07 £173,556.29). This was composed of the following;

Salary - £132,692.81 (2006-07 £128,556.46);  
Social Security Costs -£15,194.51 (2006-07 £14,789); and  
Other Pension Costs - £31,182.81 (2006-07 £30,210.78).

## **Pensions**

### **Comptroller and Auditor General**

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

**Salary and pension entitlements of the most senior officials of the Northern Ireland Audit Office were as follows:**  
(This section is covered by the audit opinion)

(2006-07 figures are in brackets)

Name and Title	Salary (as defined below)	Real increase in annual pension at age 60	Real increase in lump sum at age 60	Accrued pension at age 60 at 31 March 2008	Accrued lump sum at age 60 at 31 March 2008	CETV at 31/3/08	Real increase in CETV
	£000	£000	£000	£000	£000	£000	£000
KJ Donnelly Deputy Comptroller and Auditor General (Promoted from 3 September 2007)	90-95 (95-100 full year equivalent)  (80-85)	2.5-5  (0-2.5)	12.5-15  (2.5-5)	25-30  (20-25)	85-90  (70-75)	461  (411)	75
JS Buchanan Assistant Auditor General	85-90  (80-85)	0-2.5  (0-2.5)	2.5-5  (2.5-5)	40-45  (40-45)	130-135  (120-125)	1,012  (896)	36
MAL Mason (Mrs) Assistant Auditor General (Promoted from 21 November 2007)	75-80 (80-85 full year equivalent)  (70-75)	0-2.5  (0-2.5)	5-7.5  (2.5-5)	15-20  (15-20)	55-60  (45-50)	296  (242)	17
JM Sides (Mrs) Assistant Auditor General (Temporarily promoted from 8 October 2007)	65-70 (65-70 full year equivalent)  (55-60)	5-7.5  (0-2.5)	15-17.5  (0-2.5)	20-25  (15-20)	65-70  (45-50)	385  (254)	97

## Salary

'Salary' includes gross salary, performance pay or bonuses and any allowances to the extent that they are subject to UK taxation. This report is based on payments made by the NIAO and thus recorded in these accounts.

## Benefits in Kind

None of the above received benefits in kind during 2007-08.

## Non-Executive Directors

During 2007-08 the NIAO had two non-executive directors:

- Mr. G Smyth from the Office of the Irish Comptroller and Auditor General. Mr. Smyth attends Board meetings and chairs the Audit Committee. No payment was made to Mr. Smyth for attendance at these meetings.
- Mr. G Martin from the University of Ulster. Mr. Martin also attends the Board meetings and meetings of the Audit Committee. During the year Mr. Martin was paid £2,375.

## Pensions

Pension benefits are provided through the Northern Ireland Civil Service pension arrangements which are administered by Civil Service Pensions (CSP). Staff in post prior to 30 July 2007 may be in one of three statutory based 'final salary' defined benefit arrangements (classic, premium and classic plus). These arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium and classic plus are increased annually in line with changes in the Retail Prices Index. New entrants after 1 October 2002 and before 30 July 2007 could choose between membership of premium or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account). New entrants joining on or after 30 July 2007 are eligible for memberships of the nuvos arrangement or they can opt for a partnership pension account. Nuvos is an 'earned pension' arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current rate is 2.3%. Earned pension benefits are increased annually in line with increases in the RPI and attract annual pension increase.

Employee contributions are set at a rate of 1.5% of pensionable earnings for classic and 3.5% for premium, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80<sup>th</sup> of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60<sup>th</sup> of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly in the same way as in classic.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or on immediately ceasing to be an active member of the scheme if they are at or over pension age. Pension age is 60 for members of classic, premium and classic plus and 65 for members of nuvos.

Further details about the CSP arrangements can be found at the website [www.civilservicepensions-ni.gov.uk](http://www.civilservicepensions-ni.gov.uk) .

### **Cash Equivalent Transfer Values**

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the CSP arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

### **Real increase in CETV**

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

## **Statement of Accounting Officer's Responsibilities**

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

The resource accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Northern Ireland Audit Office, the net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the financial year.

Under the Audit (Northern Ireland) Order 1987 the Department of Finance and Personnel has appointed the Comptroller and Auditor General for Northern Ireland to be responsible as Accounting Officer for the Northern Ireland Audit Office with responsibility for preparing the Northern Ireland Audit Office's accounts and for transmitting them to the auditor.

In preparing these accounts, the Comptroller and Auditor General for Northern Ireland is required to comply with requirements of the Government Financial Reporting Manual and in particular to:

- Observe the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgments and estimates on a reasonable basis;
- State whether applicable accounting standards, as set out in the Northern Ireland Resource Accounting Manual, have been followed, and disclose and explain any material departures in the accounts; and
- Prepare the accounts on a going concern basis.

The Comptroller and Auditor General for Northern Ireland's relevant responsibilities as Accounting Officer, including responsibility for the propriety and regularity of the Northern Ireland Audit Office's finances for which he is answerable, for keeping of proper records and for safeguarding the Northern Ireland Audit Office's assets, are set out in the Accounting Officer's Memorandum issued by the Department of Finance and Personnel and published in Government Accounting Northern Ireland.

## **Statement on Internal Control**

### **1. Scope of Responsibility**

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Northern Ireland Audit Office policies, aims and objectives, whilst safeguarding the public funds and the Office's assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting Northern Ireland.

The Audit Committee of the Northern Ireland Assembly considers the Office's Corporate Plan and Estimate and lays the annual Estimate before the Northern Ireland Assembly. The Office's Board and Management Team directs the work of the Office. The Comptroller and Auditor General for Northern Ireland chairs the Board and the Deputy Comptroller and Auditor General chairs the Management Team.

There is a comprehensive reporting and accountability system provided through the Management Team and Board. Checks and balances are provided by Internal and External Audit and by the Office's Audit Committee.

### **2. The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Office policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Northern Ireland Audit Office for the year ended 31 March 2008 and up to the date of approval of the annual report and accounts and accords with DFP guidance.

### **3. Capacity to Handle Risk**

The Northern Ireland Audit Office has well-established corporate planning and management arrangements which address business risks. The key elements are;

- A business strategy review;
- A three year corporate plan approved by the Northern Ireland Assembly's Audit Committee;
- Preparation of operational plans by each Division for the year ahead;
- Agreed programmes and allocation of resources to Divisions; and
- Regular monitoring of outputs and inputs by the Management Team and Board.

The Office also has well-established approaches to managing the quality of its outputs through internal and external quality assurance, the results of which are reported to the Management Team and Board.

The risk management strategy is communicated to all staff. This includes the Office's approach to risk management, the priorities, lead responsibilities and the role of individual members of staff, and monitoring and reporting arrangements.

#### **4. The Risk and Control Framework**

The four strategic areas which the Office needs to manage actively have been set out in a risk register and each Assistant Auditor General has taken responsibility for one of the areas. The areas are:

- Central Services
- Central Government Financial Audit
- Central Government Value for Money Audit
- Local Government Audit

Each of the four areas has been analysed to identify individual sub-risks which, if not managed may lead to the crystallisation of the strategic risk. For each sub-risk, controls have been identified which help to manage the risks and the action required to ensure the controls are operating.

#### **5. Review of Effectiveness**

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditor and the executive managers within the Northern Ireland Audit Office who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the senior management of the Office and the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Twice a year the Assistant Auditor Generals report the status of each risk to the Management Team and Board, indicating the extent to which assurance can be given that the risk is being managed effectively. As necessary, Assistant Auditor Generals seek formal assurances from Directors and Audit Managers that controls have operated effectively over the period. If necessary the report will set out remedial action being taken where a risk has crystallised.

At divisional level, the Directorate and Managers will normally review risks on a monthly basis at Divisional meetings.

An important element of the Office's approach to risk management is the early identification of new types of risk in response to business developments and changes in the environment in which the Northern Ireland Audit Office works. New sub-risks will be added to the risk register over the course of the year. Equally, some risks

Northern Ireland Audit Office Resource Accounts 2007-08

which become less important will be reviewed and, where appropriate, removed from the risk register.

J M Dowdall CB  
Comptroller and Auditor General for Northern Ireland

10th June 2008

## **Northern Ireland Audit Office**

### **THE CERTIFICATE AND REPORT OF THE AUDITOR TO THE NORTHERN IRELAND ASSEMBLY**

We certify that we have audited the financial statements of the Northern Ireland Audit Office (NIAO) for the year ended 31 March 2008 under the Audit (Northern Ireland) Order 1987. These comprise the Statement of Parliamentary Supply, the Operating Cost Statement and Statement of Recognised Gains and Losses, the Balance Sheet, the Cashflow Statement and the Statement of Operating Costs by Departmental Aim and Objectives and the related notes. These financial statements have been prepared under the accounting policies set out within them. We have also audited the information in the Remuneration Report that is described in that report as having been audited.

#### **Respective Responsibilities of the Accounting Officer and Auditor**

The Accounting Officer is responsible for preparing the Annual Report and the financial statements in accordance with the Audit (Northern Ireland) Order 1987 and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Accounting Officer's Responsibilities.

Our responsibility is to audit the financial statements and that part of the Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

We report to you our opinion as whether the financial statements give a true and fair view and whether the Financial Statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Audit (Northern Ireland) Order 1987. We report to you whether, in our opinion the information which comprises the Management Commentary and Directors' Report given in the Annual Report, is consistent with the financial statements. We also report whether in all material respects the expenditure and income have been applied to the purposes intended by the Northern Ireland Assembly and the financial transactions conform to the authorities which govern them.

In addition, we report to you if NIAO has not kept proper accounting records, if we have not received all information and explanations we require for our audit, or if information regarding remuneration and other transactions is not disclosed.

We review whether the Statement on Internal Control reflects NIAO's compliance with the Department of Finance and Personnel's guidance, and we report if it does not. We are not required to consider whether this statement covers all risks and controls, or to form an opinion on the effectiveness of the Department's corporate governance procedures or its risks and control procedures.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises the section on Corporate Governance and the unaudited part of the Remuneration Report. We consider the implications for our certificate if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

#### **Basis of Audit Opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. Our audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the

Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Northern Ireland Audit Office's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error and that in all material respects the expenditure and income have been applied to the purposes intended by the Northern Ireland Assembly and the financial transactions conform to the authorities which govern them. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

## **Opinions**

### **Audit Opinion**

In our opinion:-

- The financial statements give a true and fair view, in accordance with the Audit (Northern Ireland) Order 1987, of the state of the NIAO's affairs as at 31 March 2008, and the net cash requirement, net resource outturn, net operating cost, operating costs applied to objectives, recognised gains and losses and cashflows for the year then ended;
- The financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Audit (Northern Ireland ) Order 1987; and
- Information which comprises the Management Commentary and the Directors' Report included within the Annual Report, is consistent with the financial statements.

### **Audit Opinion on Regularity**

In our opinion, in all material respects, the expenditure and income have been applied to the purposes intended by the Northern Ireland Assembly and the financial transactions conform to the authorities which govern them.

We have no observations to make on these financial statements.

Baker Tilly Mooney Moore  
Chartered Certified Accountants and Registered Auditors  
24-38 Gordon Street  
BELFAST  
BT1 2LG

10<sup>th</sup> June 2008

**Statement of Parliamentary Supply  
Summary of Resource Outturn**

2007-08

**2006-07  
£000  
Outturn**

**ESTIMATE****OUTTURN**

Net total outturn  
compared with  
Estimate: saving/  
(excess)

Notes	ESTIMATE			OUTTURN			Net Total	Net Total
	Gross Expenditure	AR	Net Total	Gross Expenditure	AR	Net Total		
	£000	£000	£000	£000	£000	£000	£000	£000
Request for Resource A* 2	10,806	1,917	8,889	10,674	1,917	8,757	132	8,241
<b>Total Resources</b>	10,806	1,917	8,889	10,674	1,917	8,757	132	8,241
Non-Operating Cost AR	-	-	-	-	-	-	-	-

**\*Request for Resource A: Providing objective information, advice and assurance on the use of public funds; encouraging beneficial change in the provision of public services, the highest standards in financial management and reporting and propriety in the conduct of public business.**

The costs of administration and other support services including associated non-cash items of the Northern Ireland Audit Office in providing objective information, advice and assurance on the use of public funds; encouraging beneficial change in the provision of public services, the highest standards in financial management and reporting and propriety in the conduct of public business.

**Net Cash Requirement 2007-08**

				<b>2007-08 £000</b>	<b>2006-07 £000</b>
	<b>Note</b>	<b>Estimate</b>	<b>Outturn</b>	<b>Net Total outturn compared with Estimate: Saving/(excess)</b>	<b>Outturn</b>
Net Cash Requirement	3	8,788	8,169	619	8,460

The notes on pages 39 to 58 form part of these accounts

**Summary of income payable to the Consolidated Fund**

In addition to accruing resources, the following income relates to the Northern Ireland Audit Office and is payable to the Consolidated Fund.

	Note	Forecast 2007-08		Outturn 2007-08	
		Income £000	Receipts £000	Income £000	Receipts £000
Total	4	-	-	197	143

The notes on pages 39 to 58 form part of these accounts

**Operating Cost Statement****For the year ended 31 March 2008**

				2007-08 £000	2006-07 £000
<b>Administration costs</b>	<b>Note</b>	<b>Staff Costs</b>	<b>Other Costs</b>	<b>Income</b>	
Staff Costs	7	7,377			7,115
Other Administration costs	8		3,476		3,144
Operating Income	9			(2,114)	(1,995)
<b>Totals</b>		<b>7,377</b>	<b>3,476</b>	<b>(2,114)</b>	<b>8,264</b>
<b>Net Operating Cost</b>				<b>8,739</b>	<b>8,264</b>

All income and expenditure are derived from continuing operations.  
There were no acquisitions or disposals in the year.

The notes on pages 39 to 58 form part of these accounts

**Statement of Recognised Gains and Losses  
for the year ended 31 March 2008**

	<b>2007-08</b>	<b>2006-07</b>
Note	£000	£000
Net unrealised gain on revaluation of tangible fixed assets	751	826

The notes on pages 39 to 58 form part of these accounts

**Balance Sheet as at 31 March 2008**

	Note	31 March 2008		31 March 2007	
		£000	£000	£000	£000
<b>Fixed Assets</b>					
Tangible Assets	10	5,926		5,231	
Intangible Assets	11	91	6,017	90	5,321
<b>Current Assets</b>					
Work in Progress	12	407		471	
Debtors	13	142		237	
Cash at bank and in hand	14	<u>219</u>		<u>590</u>	
		768		1,298	
<b>Creditors (amounts falling due within one year)</b>	15	(900)		(1,273)	
<b>Net Current Assets/(Liabilities)</b>			<u>(132)</u>		<u>25</u>
<b>Total Assets less Current Liabilities</b>			5,885		5,346
<b>Provisions for liabilities and charges</b>	16		<u>(208)</u>		<u>(33)</u>
			<b><u>5,677</u></b>		<b><u>5,313</u></b>
<b>Taxpayers' Equity</b>			1,525		1,912
General Fund	17		<u>4,152</u>		<u>3,401</u>
Revaluation Reserve	18		<u>5,677</u>		<u>5,313</u>

The financial statements were approved by the Comptroller and Auditor General on 9th June 2008. They were authorised for issue on 9th June 2008.

J M Dowdall  
Comptroller and Auditor General for Northern Ireland

10th June 2008

The notes on pages 39 to 58 form part of these accounts

**Cash Flow Statement for the year ended 31 March 2008**

	<b>Note</b>	<b>2007-08</b>	<b>2006-07</b>
		£000	£000
Net cash outflow from operating activities	19 (a)	(7,813)	(7,785)
Capital expenditure	19 (b)	(392)	(742)
Payments of amounts due to the Consolidated Fund		(152)	(97)
Financing	19 (c)	7,986	9,086
<b>Increase/ (Decrease) in cash in the period</b>	19 (d)	<b>(371)</b>	<b>462</b>

The notes on pages 39 to 58 form part of these accounts

**Statement of Operating Costs by Departmental Aim and Objectives  
for the year ended 31 March 2008**

	2007-08			2006-07		
	Gross £000	Income £000	Net £000	Gross £000	Income £000	Net £000
Objective 1 Certifying and reporting on accounts	6,047	2,089	3,958	6,681	1,970	4,711
Objective 2 Value for money work	3,310	25	3,285	2,858	25	2,833
Objective 3 Examining and reporting on risks to financial systems, regularity and propriety	987	-	987	478	-	478
Objective 4 Other work for Parliament and the Public	490	-	490	205	-	205
Objective 5 Comptroller function	19	-	19	37	-	37
<b>Net operating costs</b>	<b>10,853</b>	<b>2,114</b>	<b>8,739</b>	<b>10,259</b>	<b>1,995</b>	<b>8,264</b>

The notes on pages 39 to 58 form part of these accounts

## Notes to the Resource Accounts

### 1. Statement of Accounting Policies

The financial statements have been prepared in accordance with the 2007-08 *Government Financial Reporting Manual (FReM)* issued by the Department of Finance and Personnel. The accounting policies contained in *FReM* follow UK Generally Accepted Accounting Practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector.

In addition to the primary statements prepared under UK GAAP, *FReM* also requires the Office to prepare two additional primary statements. The *Statement of Parliamentary Supply* and supporting notes showing outturn against the Estimate in terms of the net resource requirement and the net cash requirement. The consolidated *Statement of Operating Cost by Departmental Aim and Objectives* and supporting notes analyse the Northern Ireland Audit Office's income and expenditure by objective.

Where *FReM* permits a choice of accounting policy, the accounting policy which has been judged to be the most appropriate to the particular circumstances of the Northern Ireland Audit Office for the purpose of giving a true and fair view has been selected. The Northern Ireland Audit Office's accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

#### Accounting Convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of fixed assets

#### Intangible Fixed Assets

Intangible fixed assets comprise capitalised operational software licenses and the costs involved in implementing the software. The cost of licences and implementation costs are amortised over their expected useful lives of three years. The minimum level for capitalisation of an intangible fixed asset is £500.

#### Tangible Fixed Assets

Long leasehold land and buildings have been included on the basis of professional valuations performed by the Valuations and Lands Agency (VLA). The VLA provided and updated valuation of the land and building as at 31 March 2008. Office and computer equipment, fixtures and fittings, have been restated using valuation techniques produced by the Office for National Statistics. The minimum level for capitalisation of a tangible fixed asset is £500.

## Depreciation

Depreciation is provided at rates calculated to write-off the valuation of all tangible fixed assets by equal instalments over their estimated useful lives. Assets lives are normally in the following ranges:

<b>Computers</b>	<b>3 years</b>
<b>Other Equipment</b>	<b>5 years</b>
<b>Furniture, fixtures and fittings</b>	<b>10-20 years</b>

The term of the lease for long leasehold land and buildings is 50 years. A revaluation was undertaken at 31 March 2008, at which time the Valuation and Lands Agency reassessed the lease as having 42 years remaining. Depreciation is charged on the re-valued amount over the remaining term of the lease.

## Work in Progress

Work in progress is valued at the lower of cost, including appropriate overheads, and net realisable value.

## Operating Income

Operating income is income which relates directly to the operating activities of NIAO. It principally comprises fees and charges for services provided by statute or by agreement with the National Audit Office (NAO) and client organisations. Income represents the amounts derived from the provision of completed work for clients during the year and includes an appropriate allowance for work in progress on assignments which will be completed in the following year, including six North/South Implementation Bodies. Additionally, income is received from the Department of the Environment in respect of the cost of providing staff for the audit of District Councils. It includes not only income appropriated in aid of the Estimate but also income to the Consolidated Fund, which in accordance with FReM is treated as operating income. Operating income is stated net of VAT.

## Capital charge

A charge, reflecting the cost of capital utilised by NIAO, is included in operating costs. The charge is calculated at the real rate set by HM Treasury (currently 3.5 per cent) on the average carrying amount of all assets less liabilities, except for balances held in bank accounts within the Northern Ireland Civil Service pool and amounts to be surrendered to the Consolidated Fund.

## Operating Leases

The total cost of operating leases is expensed in equal instalments over the life of the lease.

## **Pensions**

Present and past employees of the Northern Ireland Audit Office are covered by the provisions of the Principal Civil Service Pension Scheme (Northern Ireland) ((PCSPS) (NI)). The defined benefit scheme is unfunded and is non-contributory except in respect of dependent's benefits. NIAO recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from the employees' services by a payment to the PCSPS (NI) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on PCSPS (NI).

## **Provisions**

### **Early Departure Costs**

The Northern Ireland Audit Office is required to meet the cost of paying the pensions of employees who retire early, from the date of retirement until they reach normal pensionable age. The Northern Ireland Audit Office provides in full for the cost of meeting pensions up to normal retirement age in respect of early retirement programmes operating in the current or previous periods.

## **Value Added Tax**

All income and expenditure in the account is stated exclusive of value added tax. The Office can recover value added tax at a partial exemption rate. For 2007-08 this was a rate of 8 per cent (8 per cent in 2006-07) based on the percentage of business income over total income.

## **Contingent Liabilities**

The Northern Ireland Audit Office has a contingent liability in respect of legal action involving the Local Government section of NIAO.

**2. Reconciliation of Outturn to Net Operating cost**

				2007-08 £000	2006-07 £000
	Notes	Outturn	Supply Estimate	Outturn compared with Estimate	Outturn
Net Resource Outturn		8,757	8,889	(132)	8,241
Non-supply income (CFERS)	5	(197)	-	(197)	(152)
Non-supply expenditure	8	179	-	179	175
<b>Net Operating Cost</b>		<b>8,739</b>	<b>8,889</b>	<b>(150)</b>	<b>8,264</b>

**3. Reconciliation of Resources to Cash Requirement**

	Notes	Estimate	2007-08 £000  Outturn	2007-08 £000 Net total Outturn Compared with Estimate: Saving/(excess)
Resource Outturn	2	8,889	8,757	132
<b>Capital</b>				
Acquisition of fixed Assets Investments	19	385	392	(7)
Non-operating Accruing Resources Proceeds of fixed asset disposal		-	-	-
<b>Accruals adjustments</b>				
Non-cash items	8	(552)	(785)	233
Changes in working capital other than cash		-	(224)	224
Changes in creditors falling due after more than one year		-	-	-
Use of provision	16	66	29	37
Excess cash receipts surrenderable to the Consolidated Fund		-	-	-
<b>Net Cash Requirement</b>		<b>8,788</b>	<b>8,169</b>	<b>619</b>

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

In addition to Accruing Resources, the following income related to the NIAO and is payable to the Consolidated Fund

	Forecast 2007-08 £000		Outturn 2007-08 £000	
	Income	Receipts	Income	Receipts
Operating income and receipts – excess AR	-	-	194	140
Other Operating income and receipts not classified as ARs	-	-	3	3
Non-operating income and receipts – excess ARs	-	-	-	-
Other non-operating income and receipts not classified as ARs	-	-	-	-
Other amounts collectable on behalf of the Consolidated Fund	-	-	-	-
Excess cash surrenderable to the Consolidated Fund	-	-	-	-
<b>Total income payable to the Consolidated Fund</b>	-	-	197	143

#### 5. Reconciliation of Income recorded within the Operating Cost Statement to Operating Income payable to the Consolidated Fund

	Note	2007-08 £000	2006-07 £000
Operating Income	9	2,114	1,995
Adjustments for transactions between RFRs		-	-
		2,114	1,995
Income authorised to be used as ARs		1,917	1,843
<b>Operating income payable to the Consolidated Fund</b>	4	<b>197</b>	<b>152</b>

## 6. Analysis of Income from services provided to clients

	2007-08			2006-07		
	Income	Full Cost	Surplus/ (deficit)	Income	Full Cost	Surplus/ (deficit)
	£000	£000	£000	£000	£000	£000
NAO Agency Fees	813	791	22	778	769	9
Other Audit Fees	1,275	1,282	(7)	1,205	1,264	(59)
Other Income	26	60	(34)	12	0	12
	<b>2,114</b>	<b>2,133</b>	<b>(19)</b>	<b>1,995</b>	<b>2,033</b>	<b>(38)</b>

The Northern Ireland Audit Office has a target of recovering the full cost of undertaking fee paying work. The information here is provided solely to meet the requirements of the Department of Finance and Personnel's "Fees and Charges" guide and is not disclosed for the purpose of SSAP 25.

## 7. Staff numbers and related costs

Staff costs consist of:

	2007-08			2006-07
	£000	£000	£000	£000
	Total	Permanently employed staff	Others	Total
Wages and Salaries	5,809	5,408	401	5,621
Social Security Costs	474	471	3	458
Other Pension Costs (including ERC)	1,094	1,087	7	1,036
<b>Subtotal</b>	<b>7,377</b>	<b>6,966</b>	<b>411</b>	<b>7,115</b>
Less recoveries In respect of outward secondments	-	-	-	-
<b>Total net costs*</b>	<b>7,377</b>	<b>6,966</b>	<b>411</b>	<b>7,115</b>

\*Of the total, £nil has been charged to capital  
The salary and other costs of the C&AG are not included within the above costs as his remuneration is met directly from the Consolidated Fund for Northern Ireland. Further details can be found in the Remuneration Report.

The Principal Civil Service Pension Scheme (Northern Ireland) [PCSPS (NI)] is an unfunded multi-employer defined benefit scheme but the Northern Ireland Audit Office is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2003 and details of this valuation are available in the PCSPS (NI) resource accounts.

For 2007-08, employers' contributions of £1,093,995.66 were payable to the PCSPS (NI) (2006-07 £1,036,068.56) at one of four rates in the range 16.5 to 23.5 percent of pensionable pay, based on salary bands. The Scheme's Actuary reviews employer contributions every four years following a full scheme valuation. From 2008-09, the salary bands will be revised but the rates will remain the same. (The rates will be changing with effect from April 2009). The contribution rates are set to meet the cost of the benefits accruing during 2007-08 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £nil (2006-07 £nil) were paid to a panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5 % of pensionable pay. In addition, employer contributions of £nil were payable to the PCSPS (NI) to cover the cost of future provision of lump sum benefits on death in service and ill health retirement of these employees.

### Average number of persons employed

The average number of whole-time equivalent persons employed during the year was as follows;

Objective	2007-08 Number			2006-07 Number
	Total	Permanently employed staff	Others	Total
1. Certifying and reporting on accounts	91	87	4	89
2. Value for money work	41	38	3	42
3. Examining and reporting on risks to financial systems, regularity and propriety	7	7	-	6
4. Other work for Parliament and the Public	3	3	-	3
5. Comptroller function	-	-	-	1
Staff engaged on capital projects	-	-	-	-
<b>Total</b>	<b>142</b>	<b>135</b>	<b>7</b>	<b>141</b>

**8. Non-staff Administration Costs**

	Notes	2007-08		2006-07	
		£000	£000	£000	£000
Rentals under operating leases		16		72	
Accommodation		229		296	
Modifications to University Street		103		138	
Professional Services Brought In		19		37	
Travel, Subsistence, Hospitality		104		131	
Recruitment and training		322		296	
Office Supplies/Equipment		99		83	
Other Indirect costs		166		76	
Computer Services		96		104	
Consolidated Fund Standing					
Services	17	179		175	
Contracted Out Audits		1,305		1,019	
Legal Fees		42		88	
External Auditor's Fees - audit		7		7	
External Auditor's Fees - other		<u>4</u>	2,691	<u>1</u>	2,523
<b>Non-cash items:</b>					
Cost of Capital Charge	17	200		157	
Depreciation	10,11	349		349	
Provision provided for in year	16	208		-	
Loss on Revaluation of Fixed Assets		10		12	
Provision not required written back	16	(4)		(2)	
Fixed asset opening balance adjustment	10	21		1	
Loss on disposal of Fixed Asset		-		98	
Notional Costs		1	<u>785</u>	<u>6</u>	<u>621</u>
<b>Total</b>			<b>3,476</b>		<b>3,144</b>

**9. Income**

	<b>2007-08 £000</b>	<b>2006-07 £000</b>
Income from NAO	813	778
Other Audit Fees	1,275	1,205
Other Income	26	12
<b>Total</b>	<b>2,114</b>	<b>1,995</b>

**10. Tangible Fixed Assets**

	Long Leasehold Land and Buildings	Computer and Other Equipment	Furniture and Fixtures and Fittings	Assets in the course of construction	Total
Cost or Valuation:	£000	£000	£000	£000	£000
At 1 April 2007	4,250	297	1,707	55	6,309
O/b adjustment*	-	-	-	(21)	(21)
Reclassification	-	20	14	(34)	-
Additions	-	120	125	-	245
Disposals	-	(95)	(2)	-	(97)
Revaluations	650	(15)	53	-	688
<b>At 31 March 2008</b>	<b>4,900</b>	<b>327</b>	<b>1,897</b>	<b>-</b>	<b>7,124</b>
Depreciation					
At 1 April 2007	-	204	874	-	1,078
Charged in year	69	89	116	-	274
Disposals	-	(95)	(2)	-	(97)
Revaluations	(69)	(9)	28	-	(50)
Relifing	-	-	(7)	-	(7)
<b>At 31 March 2007</b>	<b>-</b>	<b>189</b>	<b>1,009</b>	<b>-</b>	<b>1,198</b>
<b>Net Book Value At 31 March 2008</b>	<b>4,900</b>	<b>138</b>	<b>888</b>	<b>-</b>	<b>5,926</b>
At 31 March 2007	4,250	93	833	55	5,231
<b>Asset Financing</b>					
Owned	-	-	-	-	-
Finance Leased	-	-	-	-	-
On-balance sheet	-	-	-	-	-
PFI contracts	-	-	-	-	-
PRR residual contracts	-	-	-	-	-
<b>Net book value at 31 March 2008</b>	<b>4,900</b>	<b>138</b>	<b>888</b>	<b>-</b>	<b>5,926</b>

\*The opening balance in the Assets in the Course of Construction contained an amount which should have been expensed rather than capitalised. The other side of the adjustment has been made to the Operating Cost Statement.

**11. Intangible Fixed Assets**

	Software licences and implementation costs £000
Cost or Valuation:	
At 1 April 2007	187
Additions	80
Disposals	(40)
Revaluation	(10)
<b>At 31 March 2008</b>	<b>217</b>
Depreciation:	
At 1 April 2007	97
Charged in year	75
Disposals	(40)
Revaluations	(6)
<b>At 31 March 2008</b>	<b>126</b>
Net Book Value	
<b>At 31 March 2008</b>	<b>91</b>
At 31 March 2007	90

**12. Work in Progress**

	2007-08 £000	2006-07 £000
Work in progress	407	471

**13. Debtors**

	<b>2007-08</b> <b>£000</b>	<b>2006-07</b> <b>£000</b>
<b>Debtors relating to operating activities</b>		
Trade debtors	48	37
Other debtors	25	134
Prepayments	<u>69</u>	<u>66</u>
	142	237
Amounts due from Consolidated Fund in respect of Supply	—	—
<b>Total</b>	<b>142</b>	<b>237</b>

There is £193,775.54 (2006-07 £139,887.35) that will be due to the Consolidated Fund once the debts are collected and work in progress realised.

**14. Cash at bank and in hand**

	<b>2007-08</b> <b>£000</b>	<b>2006-07</b> <b>£000</b>
Balance at 1 April 2007	590	128
Net Cash inflow/(outflow)	<u>(371)</u>	<u>462</u>
<b>Balance at 31 March 2008</b>	<b>219</b>	<b>590</b>
The balance comprises:		
<b>Cash due to be paid to the Consolidated Fund</b>		
Consolidated Fund extra receipts received and due to be paid to the Consolidated Fund	3	12
Amounts issued from the Consolidated Fund for Supply but not spent at year end	216	578
Amounts due from the Consolidated Fund for Supply spent at the year end	—	—
	<hr/> <b>219</b>	<hr/> <b>590</b>

**15. Creditors: Amounts falling due within one year**

	<b>2007-08</b> £000	<b>2006-07</b> £000
<b>Amounts falling due within one year:</b>		
VAT	69	54
Trade creditors	19	51
Other Creditors	<u>376</u>	<u>348</u>
<b>Total excluding amounts due to Consolidated Fund</b>	<b>464</b>	<b>453</b>
Amounts issued from the Consolidated Fund but not spent at year end	216	578
Consolidated Fund extra receipts due to be paid to the Consolidated Fund		
received	3	12
receivable	<u>194</u>	<u>140</u>
<b>Subtotal</b>	<b>877</b>	<b>1,183</b>
Other creditors : capital creditor	<u>23</u>	<u>90</u>
<b>Total</b>	<b>900</b>	<b>1,273</b>

**16. Provisions for Liabilities and Charges**

	<b>2007-08</b>
	<b>Early Departure Costs £'000</b>
<b>Balance at 1 April 2007</b>	33
Provided in the year	208
Provisions not required written back	(4)
Provision utilized in the year	(29)
Unwinding of discount	-
<b>Balance at 31 March 2008</b>	<b>(208)</b>

	2006-07		
	Early departure costs £000	Other £000	Total £000
<b>Balance at 1 April 2006</b>	84	63	<b>147</b>
Provided in the year	-	-	-
Provisions not required written back	-	(2)	<b>(2)</b>
Provisions utilised in the year	(51)	(61)	<b>(112)</b>
<b>Balance at 31 March 2007</b>	<b>33</b>	<b>0</b>	<b>33</b>

#### Early departure costs

The Northern Ireland Audit Office meets the additional pension costs of any employees who retire before they reach normal pensionable age. The total pension liability up to the normal retiring age in respect of such employees is charged to the account in the year in which the early retirement decision is made to establish a provision for the estimated payments discounted by the Treasury discount rate.

#### Other

This relates to a personnel issue where full provision has been made but the matter has not yet been completely resolved.

**17. General Fund**

The General Fund represents the total assets less liabilities of NIAO, to the extent that the total is not represented by other reserves and financing items.

	Note	2007-08 £000	2006-07 £000
Balance at 1 April 2007		1,912	1,530
Net Parliamentary Funding Drawdown	19 (c)	7,807	8,911
Deemed Supply		578	127
Consolidated Fund Standing Services	8	179	175
Supply (creditor)/debtor – current year	15	(216)	(578)
Net Operating Cost	2	(8,739)	(8,264)
CFERS repayable to Consolidated Fund	4	(197)	(152)
Non-cash charges			
Cost of Capital	8	200	157
Notional Costs	8	1	6
<b>Balance 31 March 2008</b>		<b>1,525</b>	<b>1,912</b>

**18. Revaluation Reserve**

The revaluation reserve reflects the unrealised element of the cumulative balance of indexation and revaluation adjustments.

	2007-08 £000	2006-07 £000
Balance at 1 April 2007	3,401	2,513
Unrealised gain on tangible fixed assets during the year	751	826
Adjustment in respect of re-lived assets	-	<u>62</u>
<b>Balance at 31 March 2008</b>	<b>4,152</b>	<b>3,401</b>

**19. Notes to the Cash Flow Statement****19 (a) Reconciliation of operating cost to operating cash flows**

	Note	2007-08 £000	2006-07 £000
Net operating cost	2	(8,739)	(8,264)
Adjustments for non-cash transactions	8	785	621
(Increase)/Decrease in work in progress	12	64	(208)
(Increase)/decrease in debtors <i>less movements in debtors relating to items not passing through the OCS</i>	13	95	(122)
Increase/(Decrease) in creditors <i>Less movements in creditors relating to items not passing through the OCS</i>	15	(373)	806
		384	(506)
Use of provisions	16	<u>(29)</u>	<u>(112)</u>
<b>Net cash outflow from operating activities</b>		<b>(7,813)</b>	<b>(7,785)</b>

**19 (b) Analysis of capital expenditure and financial investment**

	Note	2007-08 £000	2006-07 £000
Tangible fixed asset additions	10	311	605
Intangible fixed asset additions	11	<u>81</u>	<u>137</u>
<b>Net cash outflow from investing activities</b>		<b>392</b>	<b>742</b>

**Notes to the Cash Flow Statement cont'd****19 (c) Analysis of financing**

	Note	2007-08 £000	2006-07 £000
From the Consolidated Fund (Supply) – current year	17	7,807	8,911
From the Consolidated Fund (Supply) – Prior year		-	-
From the Consolidated Fund (non-supply)	8	<u>179</u>	<u>175</u>
<b>Net Financing</b>		<b>7,986</b>	<b>9,086</b>

**19 (d) Reconciliation of Net Cash Requirement to Increase/(Decrease) in cash**

	Note	2007-08 £000	2006-07 £000
Net Cash Requirement	3	(8,169)	(8,460)
From the Consolidated Fund (Supply) – current year	17	7,807	8,911
From the Consolidated Fund (Supply) – Prior year		-	-
Amounts due to the Consolidated Fund – received in a prior year and paid over		(12)	(1)
Amounts due to the Consolidated Fund and not paid over	15	3	12
<b>Increase/(decrease) in cash</b>	14	<b>(371)</b>	<b>462</b>

## 20. Note to Statement of Operating Costs by Departmental Aim and Objectives

Staff and other direct job costs are allocated to objectives on the basis of costs recorded in the Northern Ireland Audit Office's time recording system. Non-direct job costs are allocated to objectives by apportioning them on a pro-rata basis to direct job costs

During 2007-08, NIAO carried out a review of the alignment of its jobs to objectives. Coupled with greater management information which is now available from a new time recording system, this has meant that the split of costs over objectives in 2007-08 has a slightly different pattern than in the previous year.

The Northern Ireland Audit Office's capital is employed exclusively for administration purposes. Its distribution between objectives is therefore not markedly different from the distribution of the related gross administration cost.

## 21. Capital Commitments

At the balance sheet date NIAO has no capital commitments.

## 22. Commitments under leases

Commitments under operating leases to pay rentals during the year following the year of these accounts are given in the table below, analysed according to the period in which the lease expires.

	2007-08 £000	2006-07 £000
Obligations under operating leases comprise:		
Land and buildings:		
Expiry within 1 year	-	-
Expiry within 2 to 5 years	-	-
Expiry thereafter	-	-
Photocopiers		
Expiry within 1 year	-	-
Expiry within 2 to 5 years	6	6
Expiry thereafter	-	-

## 23. Other Financial Commitments

The Northern Ireland Audit Office had no other financial commitments as at 31 March 2008.

## **24. Financial Instruments**

FRS 13, Derivatives and Other Financial Instruments, requires disclosure of the role which financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the largely non-trading nature of its activities and the way in which it is financed, the Northern Ireland Audit Office is not exposed to the degree of financial risk faced by business entities. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS 13 mainly applies. The Northern Ireland Audit Office has no powers to borrow or invest surplus funds. Financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the Office in undertaking its activities.

As permitted by FRS 13, debtors and creditors which mature or become payable within 12 months from the balance sheet date have been omitted from the currency profile.

### **Liquidity Risk**

The Northern Ireland Audit Office's net revenue resource requirements are financed by resources voted annually by Parliament, as is its capital expenditure. The Northern Ireland Audit Office is not therefore exposed to significant liquidity risks.

### **Interest Rate Risk**

The Northern Ireland Audit Office is not exposed to any interest rate risk.

### **Foreign Currency Risk**

The Northern Ireland Audit Office is not exposed to any foreign currency risk.

## **25. Contingent Liabilities disclosed under FRS 12**

At the balance sheet date the Local Government Audit Section of the Northern Ireland Audit Office was involved in a legal appeal against a surcharge imposed by the auditor on a District Council. If the appeal is successful, it is possible that an award of costs may be made against the auditor. A reasonable estimate of the value of these costs cannot be made at this time.

## **26. Losses and Special Payments**

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

## **27. Related Party Transactions**

The Northern Ireland Audit Office is headed by the Comptroller and Auditor General for Northern Ireland and was established by the Audit (Northern Ireland) Order 1987.

None of the Senior Management Group, key managerial staff or other related parties has undertaken any material transactions with the Northern Ireland Audit Office during the year.

The Northern Ireland Audit Office has had a small number of transactions with other government departments and other central government bodies. Most of these transactions have been with the Department of Finance and Personnel.









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