

Media Release



Comptroller and Auditor General's Report on Financial Audit Findings 2023 – Central Government

Northern Ireland's Comptroller and Auditor General has today (Wednesday 20 December 2023) published a report summarising key findings and issues arising from her audit of central government accounts in the year up to 31 August 2023.

Dorinnia Carville's report discusses audit work completed during her first year in post and primarily covers 2022-23 accounts. It notes that, while 2023 saw the production and preparation of central government accounts largely return to their pre-pandemic timetable, four central government departments' accounts did not meet the summer recess deadline for certification. This was due, in part, to the implementation of new financial reporting processes in 2023 which placed additional requirements on departments.

The report outlines qualified audit opinions on the accounts of thirteen government departments and their arm's length bodies, several of which are consistent with audit findings in previous financial years.

Material levels of fraud and error continue to be reported within benefit expenditure across a number of organisations. These include:

- an estimated £174.1 million in benefit expenditure in the Department for Communities 2022-23 financial statements;
- an estimated £12.7 million in Housing Benefit fraud in the Northern Ireland Housing Executive 2022-23 financial statements;
- an estimated £3.4 million in Housing Benefit fraud noted in the 2021-22 Land and Property Services financial statements; and
- an estimated £2.5 million in legal aid fraud and error in the 2022-23 Legal Services Agency Northern Ireland financial statements.

The report notes that, in nearly all of the above cases, estimated levels of fraud and error were lower than in the previous year.

The impact of COVID-19 continued to be evident, with qualified audit opinions, including irregular expenditure recorded by the Department for the Economy and Tourism NI on COVID-19 business support schemes. The schemes in question required applicants to self-declare compliance with eligibility criteria. As a result, there was insufficient audit evidence to confirm that expenditure was regular.

Other qualified audit opinions include one on the 2022-23 accounts of the Business Services Organisation (BSO) which, in 2020, purchased high volumes of Personal Protective Equipment (PPE) on behalf of the Department of Health. The report notes that as demand for PPE products has reduced post-pandemic,

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potentially £43 million of inventory is at risk of not being used before its current lifespan expires. While BSO has taken steps to mitigate and resolve the issues, the Auditor General was unable to obtain sufficient and appropriate evidence to establish the success of these actions.

The report also highlights other issues raised by the Auditor General in unqualified accounts during the year to 31 August 2023, and several common areas of concern common across the range of public bodies audited. These include delays and deficiencies in the production of accounts, which in many cases has been attributed to an absence of finance skills, as well as weaknesses in the control systems that protect organisations against potential errors, fraud or financial mismanagement. In particular, the Auditor General had concerns about a deterioration of controls in parts of the Health Sector.

Commenting on the findings, Dorinnia Carville commented:

"I am pleased that the majority of financial statements I have certified during my first year in post have been well-prepared and presented for audit within agreed timetables, with the vast majority receiving an unqualified audit opinion.

"Whilst recognising the unprecedented environment of COVID-19 and the haste in which organisations were required to act to deal with the pandemic, there are important lessons to be learned.

"Furthermore, important issues have been identified which need to be addressed including required improvement in the internal controls and financial reporting processes across audited bodies, and particularly in the production of timely and well-prepared accounts."

"More generally, though, this report clearly demonstrates the vital role that public audit plays in ensuring financial transparency, good governance and accountability for how public money is spent. With the major budgetary pressures facing the public sector now and in the future, appropriate scrutiny and oversight is critically important.

"I want to express my gratitude to the staff of the Northern Ireland Audit Office for their work in helping ensure that public money is spent properly, work that will continue to be hugely important to public accountability in the years to come."

ENDS

Notes for Editors

1. The Comptroller and Auditor General (C&AG) is Head of the Northern Ireland Audit Office (the Audit Office). She and the NIAO are totally independent of Government. The C&AG certifies the accounts of Government Departments and a range of other public sector bodies. She has statutory authority to report to the Assembly on the economy, efficiency and effectiveness with which departments and public bodies use their resources. Her reports are published as Assembly papers.

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2. The report is available on the Audit Office website at www.niauditoffice.gov.uk. The report is embargoed until 00.01 hrs on **Wednesday 20 December 2023**.
3. This report primarily discusses the results of the audit of 2022-23 accounts, but also reports on the outcome of financial audits for previous accounting periods certified in the year to 31 August 2023.
4. Four departments (Department of Education, Department for the Economy, Department of Agriculture, Environment and Rural Affairs, and The Executive Office) did not meet the summer recess deadline. In these cases, alternative arrangements have been made between audited bodies and the NIAO to facilitate the certification of these accounts.
5. In 2022-23, the Executive's Review of Financial Processes (RoFP) was fully implemented for the first time in the 2022-23 accounts. The aim of RoFP is to simplify financial reporting to better align Budgets, Estimates and Accounts and includes the consolidation of Non-Departmental Public Bodies (NDPBs) and other central government bodies in estimates and accounts. Implementation of RoFP has been cited as one of the reasons behind the delay in certifying some of the 2023-23 accounts.
6. This report does not encompass the audit of bodies within the Local Government sector, which is addressed in a separate report by the Local Government Auditor. The most recent Local Government Auditor Report was published on Friday 15 December.