

Northern Ireland Audit Office

coverage of the

Department of Agriculture, Environment and Rural Affairs



Northern Ireland
Audit Office

Introduction

The Northern Ireland Audit Office (NIAO) is a public sector body that is totally independent of government. We help the Northern Ireland Assembly hold the Executive to account for the way it spends public money. We do this by auditing the finances of public bodies and scrutinising public spending to assess facts and value for the taxpayer, providing insights into how well public services are being delivered. More information on the roles and responsibilities of both the Comptroller and Auditor General (C&AG) and the NIAO can be found on our [website](#).

The NIAO carries out a number of functions:

Financial Audit: representing around 70 per cent of our core business, each year we conduct a programme of audits on some 150 public bodies.

Public Reporting: while the NIAO does not question the merits of government policies, we seek to promote better value for money through independent, evidence-based examinations. We then produce reports to the Assembly which highlight and demonstrate ways in which audited bodies can make improvements. These reports take account of single and cross-cutting themes and public sector priorities.

Good Practice: our Good Practice Guides highlight and encourage public bodies to improve their performance in achieving value for money and implementing policy.

Raising Concerns and Counter Fraud: we provide support and guidance to public sector organisations, and coordinate the National Fraud Initiative data matching exercise in Northern Ireland. We also process concerns raised by MLAs, public sector employees and citizens regarding the use of public money.

This document provides a brief outline of the recent work of the NIAO specific to the **Department of Agriculture, Environment and Rural Affairs (DAERA)**.

If you would like to know more about the NIAO work on DAERA please contact:



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Department of Agriculture, Environment and Rural Affairs – background

The Department of Agriculture, Environment and Rural Affairs (DAERA) has responsibility for food, farming, environmental, fisheries, forestry, sustainability policy and the development of the rural sector in Northern Ireland (NI). The Department assists the sustainable development of the agri-food, environmental, fishing and forestry sectors of the NI economy, having regard for the needs of the consumers, the protection of human, animal and plant health, the welfare of animals and the conservation and enhancement of the environment.

DAERA's Purpose is "Sustainability at the heart of a *living, working, active landscape valued by everyone*". DAERA has a key co-ordination role in:

- working with other departments, to reduce carbon emissions; and
- adapting NI to the change that is already underway.

In pursuit of this Purpose, the existing four key strategic outcomes of the Department are:

- **Economic Growth:** to enhance our food, forestry, fisheries and farming sectors using efficient and environmentally sustainable models which support economic growth;
- **Natural Environment:** to protect and enhance our natural environment now and for the future whilst advocating its value to and wellbeing for all;
- **Rural Communities:** to champion thriving rural communities that contribute to prosperity and wellbeing; and
- **Exemplar Organisation:** to be an exemplar, people-focused organisation, committed to making a difference to the people we serve.

The work of the Department is organised across the following Groups:

- **Climate Change & Science Innovation:** responsibility for developing policy and legislation in respect of climate change; leading on the Executive's Green Growth Strategy and development of Northern Ireland's Climate Action Plan; leading on the implementation of the Science Transformation Programme (STP) and Innovation Strategy; responsibility for DAERA's Chief Scientific Adviser; and progressing DAERA's scientific framework, research, monitoring and surveillance programmes.
- **Strategic Planning and Corporate Services:** responsibility for Digital Services, Finance, Corporate Planning and Governance, Strategic Support, Northern Ireland Food Animal Information System (NIFAIS), Windsor Framework Implementation and Estate Transformation.
- **Food, Farming and Rural Affairs:** responsible for developing and delivering a wide range of policies and also supporting key stakeholders in the agri-economy, including farmers and rural communities; responsible for the administration of basic farm payments, rural development programmes and working with stakeholders to develop strategies to ensure the sustainable development of the agri-food sector in NI.
- **Veterinary Service and Animal Health:** responsible for the development of animal health and welfare policy for both farmed and non-farmed animals, and the implementation of that policy in respect of farmed animals, through the delivery of official controls and other official activities; and
- **Environment, Marine and Fisheries:** responsible for environmental policy, natural resources, protecting the marine environment, maximising the sustainable use of its resources and fisheries and the management of 65,000 hectares of productive forest and green space, with a sustainability focus.

The Department also has two Executive Agencies – Forest Service and NI Environment Agency.

DAERA has an important role in delivering the following eight of the nine proposed cross departmental outcomes of the draft Programme for Government (PfG):

- Our children and young people have the best start in life;
- We live and work sustainably – protecting the environment;
- We have an equal and inclusive society where everyone is valued and treated with respect;
- We all enjoy long, healthy, active lives;
- Everyone can reach their potential;
- Our economy is globally competitive, regionally balanced and carbon neutral;
- We have a caring society that supports people throughout their lives; and
- People want to live, work, and visit here.

Key challenges include:

Green Growth

The local and global impacts of climate change along with other key pressures on local water quality, air quality and biodiversity are the challenges facing NI and the wider world. In October 2021 the Executive agreed the draft Green Growth Strategy which outlines its vision for a low carbon, nature rich society and sustainable economy by 2050. DAERA is leading this work on the Executive's behalf.

EU Exit

The UK's departure from the EU is the most significant change in policy affecting the agricultural sector in over 40 years. The sectors that fall under DAERA's areas of responsibility were heavily supported by funding from the EU and are therefore exposed to the outworking of Brexit. As the lead NICS Department on food supply and agri-food trade, DAERA has been heavily impacted by Brexit.

DAERA launched a new Future Agricultural Policy Framework for NI in August 2021 and is now working towards a Consultation on Future Agricultural Policy Proposals. Based on the four key outcomes of increased productivity, environmental sustainability, improved resilience and a responsive supply chain, it charts the way forward for a future agricultural policy.

Rural Development

The Department is developing a Rural Policy Framework (RPF) for NI in consultation with key rural stakeholders. The RPF will form the basis of the Rural Business and Communities Investment Programme which will ultimately replace the EU Rural Development Programme.

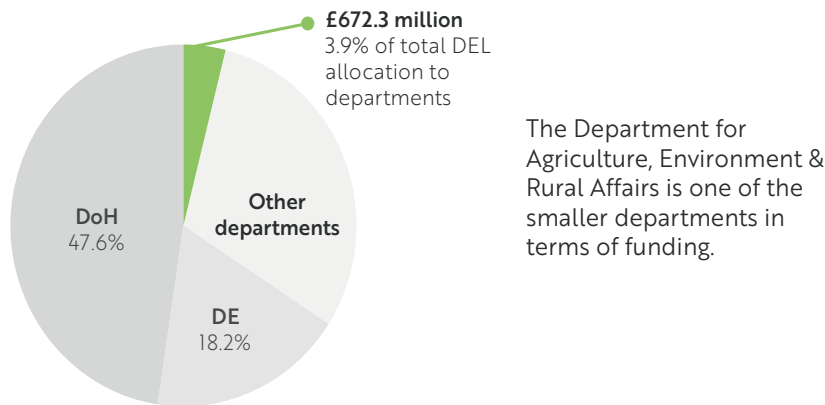
Covid-19 Recovery

The new RPF will also provide support to rural communities impacted by Covid-19. The Tackling Rural Poverty and Social Isolation (TRPSI) programme is also being deployed to provide support for rural communities affected by Covid-19. In addition the Department's Environment Fund is being utilised to provide funding to support environment based Covid-19 recovery measures.

Department of Agriculture, Environment and Rural Affairs funding

Figure 1 provides an overview of the Department’s Departmental Expenditure Limit (DEL) funding relative to all departments. It also shows the split between Resource and Capital DEL as well as how they are allocated to various spending areas and objectives.

Figure 1. Overview of the DEL funding allocation for the Department for Agriculture, Environment & Rural Affairs



The vast majority of the Department’s funding relates to resource DEL.



Most of the Department’s funding is used on the Food and Farming spending area.

SPENDING AREA	RESOURCE DEL	CAPITAL DEL	TOTAL
Food and Farming	£422.2m	£63.8m	£486.0m
Veterinary Service and Animal Health	£70.5m	£4.8m	£75.3m
Environment, Marine and Fisheries	£59.1m	£1.3m	£60.4m
Foyle, Carlingford and Irish Lights Commission	£3.0m	£20.5m	£23.5m
Rural Affairs	£17.7m	£4.7m	£22.4m
Forestry	£4.7m	£-	£4.7m
TOTAL	£577.2m	£95.1m	£672.3m

Source: 2024-25 Budget Document, Department of Finance

Bodies for which DAERA has responsibility for sponsorship and oversight

Executive Agencies

- Northern Ireland Environment Agency.

Non-Departmental Public Bodies and other entities

- Agri-Food and Biosciences Institute (AFBI);
- Livestock and Meat Commission;
- Loughs Agency;
- Agricultural Wages Board;*
- NI Fisheries and Harbours Authority;*
- Council for Nature Conservation and the Countryside (CNCC);*
- Educational Trust Fund;
- Horse Racing Fund; and
- NI Forest Service.

*An asterisk denotes any bodies that the NIAO does not audit.



Financial Audit Update

The Comptroller and Auditor General (C&AG) for Northern Ireland is the external auditor for the Department of Agriculture, Environment and Rural Affairs (DAERA). Each year the NIAO conducts a programme of audits on the financial statements of DAERA, its Executive Agency and its Non-Departmental Public Bodies (NDPBs).

The C&AG is required, under the Government Resources and Accounts Act (Northern Ireland) 2001, to report her opinion as to whether the financial statements give a true and fair view. She is also required to satisfy herself that, in all material respects, expenditure and income have been applied to the purposes intended by the Northern Ireland Assembly and conform to the authorities which govern them; that is, that they are 'regular'.

The C&AG reports the results of her financial audit work to the Northern Ireland Assembly. From time to time, she also produces stand-alone reports that are published as Assembly documents. Since 2020, the C&AG has qualified her audit opinion twice on the DAERA financial statements. A summary of the reason for the qualified opinion is outlined below.

2023-24

The C&AG issued a qualified true and fair audit opinion due to the omission of a provision of £107 million relating to the estimated costs of remediating the contaminated illegal dump site at Mobuoy, County Londonderry and for the comparative figures for 2022-23.

It is the C&AG's opinion that the conditions required by International Accounting Standard 37 have been met and a provision for this cost should be included within the financial statements.

2022-23

The C&AG issued a qualified true and fair audit opinion due to the omission of a provision of £107 million relating to the estimated costs of remediating the contaminated illegal dump site at Mobuoy, County Londonderry. The C&AG also qualified her regularity opinion on the basis that she believed the provision should have been included, and this would have resulted in irregular expenditure since the Department would then have breached the budgetary amount approved by the NI Assembly in its supply estimate.

The C&AG also issued a report attached to her audit opinion, drawing attention to factors that delayed the NIAO's ability to complete the audit of the statutory financial statements.



Public Reporting

The NIAO conducts independent evidence-based examinations and produces reports to the Northern Ireland Assembly and local councils on economy, efficiency and effectiveness, performance improvement and issues arising. These aim to promote better value for money by highlighting and demonstrating to audited bodies ways in which they could make improvements to realise financial savings or reduce costs; guard against the risk of fraud, irregularity and impropriety; provide a better quality of service; strengthen and enhance their management, administrative and organisational processes; and achieve their aims and objectives more cost-effectively.

Copies of our reports can be found in the [Publications section](#) of our website.

Public Reporting current and future work programme

The NIAO produces a Public Reporting Programme, outlining the C&AG's priority public reporting work to be progressed. The Programme examines economy, efficiency and effectiveness in the delivery of services and aims to provide elected representatives, decision makers and citizens with information and assurance about how well public services are operated and public money is spent. The [Public Reporting Programme](#) can be found on our website.

In relation to DAERA, the following Public Reporting work is due for completion in 2024-25 and the findings will be presented to the Public Accounts Committee.

Public Bodies' Response to Misrepresented Soil Analysis (Published July 2024)

With the Public Accounts Committee for Consideration

This report examined the role played by public bodies after the Northern Ireland Environment Agency (NIEA) first became aware that misrepresented soil sample analysis results had been submitted to them for environmental authorisations and in support of planning applications. After investigation, NIEA discovered that laboratory reports on soil sample results were either fabricated in their entirety or had been changed prior to submission without the analysing laboratory's knowledge.

One hundred and eight planning applications for agricultural developments in Northern Ireland have been concluded to be affected across nine of the eleven councils, encompassing a total of 3,461 false soil sample results dating back to at least 2015.

In March 2023, a member of the public raised concerns with the NIAO over the handling of this case by NI public bodies. In particular, whilst acknowledging that NIEA had initiated an investigation into the applications for environmental authorisations, the person raising the concern highlighted significant frustration that there appeared to be a lack of ownership or acknowledgment of the fact that there was a separate potential planning fraud issue that required to be investigated.

The report made a number of findings:

- There was a lack of effective collaboration between NI public bodies in response to notification of potential planning fraud.
- There was a failure by councils to initiate an investigation of potential planning fraud on a timely basis.
- Lessons were not learned from a similar case in 2021.
- Ineffective controls failed to prevent or detect on a timely basis the reporting of false soil analysis results.
- Potentially more effective arrangements for minimising the impact of excessive levels of nutrients are in place in England.

Review of Waste Management in Northern Ireland (Published July 2024)

With the Public Accounts Committee for Consideration

This report provided a factual overview of the waste management infrastructure and regulatory framework, as well as a summary of previous and future waste targets. DAERA is responsible for making legislation and implementing policy, while local councils have operational responsibility for the collection and processing of municipal waste.

Around 7.7 million tonnes of waste are estimated to be generated annually in Northern Ireland. One million tonnes of this, mainly household waste, is collected by local councils. While detailed data on council-collected waste is collated and publicly available, this only represents around 10 per cent of the total waste collected here. In the case of the remaining 90 per cent, there is a lack of available and accurate information, with a reliance, instead, on estimates. The report noted that this lack of robust data will make it more difficult to both plan and report on future waste management targets.

The report also identified gaps in information regarding landfill capacity here. 1.29 million tonnes of waste was sent to landfill in 2022-23. Disposal of waste in landfills should be the last resort for managing waste, behind other measures such as prevention and recycling. As a result, Northern Ireland currently has a legislative requirement to place a cap (of 10 per cent) on the proportion of total waste sent to landfill by 2035. However, while landfill sites are regulated by the Northern Ireland Environment Agency (NIEA) and each site has a maximum capacity, the NIEA does not have a statutory requirement to track landfill capacities. As a result, detailed information regarding when landfill capacity in Northern Ireland could run out is not known, making effective planning for the 2035 target very challenging.

The report concludes that the Department's new Waste Management Strategy will play a pivotal role in promoting effective waste management as Northern Ireland moves towards its target of Net Zero by 2050, and that this Strategy will require clear and measurable ambitions and performance targets. This will, in turn, require robust data and access to accurately recorded and complete information on all waste practices in Northern Ireland.

The current gaps in waste management data are not unique to Northern Ireland, and this report recommended that DAERA continues to engage with its counterparts in Great Britain as part of wider efforts to address this issue at a UK-wide level.

The report also highlighted that, overall, councils have been successful in achieving their landfill and recovery targets, with a 2020 target for 50 per cent recycling rate for household waste being met in 2019.

Developing the Northern Ireland Food Animal Information System (Published June 2023)

Released by the Public Accounts Committee

This report considered key issues and lessons emerging from the development of the Northern Ireland Food Animal Information System (NIFAIS).

It found that implementing the NIFAIS will take over five years longer than originally planned, and will cost DAERA approximately £64m to complete. The delay in delivery means DAERA has lost nearly half the twelve year operating period of the system and has cost DAERA an additional £6m of internal costs.

DAERA awarded the contract for developing the system in 2016, based on a fifteen-year term that included an initial three years to build the system and twelve years of operation. The report noted that completion of the system was expected in 2024, more than five years behind schedule. These delays were due to several issues, including a lack of understanding of complex system functionality, DAERA staff without appropriate skills assigned to the project, and communications with the supplier breaking down when serious issues arose on the project.

The report acknowledges action taken by DAERA in response to these delays, such as changes to leadership and pausing the project to allow a re-evaluation of the business case. However, it added £6m to DAERA costs. In addition, the existing Animal Public Health Information System, which NIFAIS replaced, continued to operate 16 years after its expiry date, at an annual cost of approximately £0.5 million, and could not be switched off until NIFAIS was complete.

Waste Crime (Scheduled to publish December 2024)

Since the 1990s, a number of independent reports have been published which were critical of waste regulation in Northern Ireland. Waste crime largely falls into two main categories:

- Illegal dumping – by criminals or by legitimate businesses operating outside the terms of their licence, permit or exemptions.
- Mis-classification of waste - to avoid higher disposal fees or to export potentially hazardous material under the guise of inert waste to hide the true nature of the waste.

Those who dispose of waste illegally avoid paying tax and can leave large scale clean-up costs that have to be met by the public purse. It has been estimated that the annual cost of waste crime in the UK is more than £800 million.

The study will consider:

- the amount of waste that is illegally dumped each year in Northern Ireland and the resulting costs to the public sector;
- attitudes to waste crime;
- the work NIEA does to combat waste crime; and
- NIEA's enforcement procedures and their effectiveness in reducing waste crime.

Energy Efficiency (Scheduled to publish early 2025)

This study is at its feasibility stage and may result in a published report should the feasibility work indicate that a published report in this area would be beneficial.



Previous Public Reporting coverage in DAERA

An overview and main findings from a selection of NIAO reports on DAERA and its arm's length bodies since 2020 are outlined below.

Water Quality in Northern Ireland's Rivers and Lakes (Published March 2024)

With the Public Accounts Committee for Consideration

This highlighted that NI's water resources are an important natural asset which contribute to economic, social and environmental wellbeing. It noted that causes of poor water quality can be numerous and improvement takes time, with the actions needed often requiring long-term, sustained and targeted action. As climate change is likely to increase water resource pressures, those with low levels of pollutants are likely to be more resilient in the face of such change.

The report focussed on water quality in NI's 450 rivers and 21 lakes. It reviewed the extent to which resource planning and management have addressed key water quality issues and examined the impact on water quality of agricultural activities and NI Water operations.

Our findings were as follows:

- Monitoring of water quality is governed by standards, which are linked to the European Union (EU) Water Framework Directive (WFD). Under the WFD, there is a target that 100 per cent of all NI water bodies must achieve 'Good' or 'High' ecological status by 2027. This target will not be met.
- In 2021, less than one third of Northern Ireland's rivers had good ecological status, representing no improvement since 2015. In the case of lakes, only 14 per cent were classified as having good ecological status in 2021, down from around 24 per cent in 2015.
- By contrast, on average more than twice as many rivers and lakes in the Republic of Ireland achieved good (or better) ecological status than in Northern Ireland.
- Alongside testing of ecological status, the chemical status of rivers and lakes is also measured. Since 2015, enhanced monitoring requirements have been introduced, such as the inclusion of new 'priority substances'. As a consequence of this enhanced monitoring, it is now the case that no lakes or rivers in Northern Ireland currently have good chemical status. By extension, none of Northern Ireland's rivers or lakes has good overall status (combining both chemical and ecological status).
- Continuing issues around water quality are partly attributable to excess nutrients, such as phosphorus and nitrates, accumulating in rivers and lakes. Some practices within the agriculture sector are generally accepted as exerting particular pressures on water quality. However, the report observes that current approaches taken by the public sector to manage these practices have not been effective;

- Around 1% of farms in Northern Ireland are inspected each year by the Northern Ireland Environment Agency. While in line with regulatory requirements, this 1% sample size contrasts with the 77% of total land area in NI which is accounted for by the agriculture sector. In 2022, one in four pollution incidents in Northern Ireland was linked to the agriculture sector.
- Over half of all water pollution incidents linked to agriculture occurred in the Neagh Bann River Basin District. Within this district, most incidents were in the River Blackwater area, with 'farm effluent mixture', 'silage' and 'cattle waste' the three pollutants most frequently detected.
- NI Water activities also impact on water quality. While pollution incidents linked to NI Water's operations account for one in eight of all pollution incidents, the total number of incidents declined by 43% between 2017 and 2023.
- Almost half (46%) of the 572 recorded pollution incidents between 2017 and 2023 occurred in the Northern Eastern River Basin District, with most of those occurring within the River Lagan area.
- Northern Ireland remains the only region of the UK where sampling to assess compliance of wastewater treatment continues to be pre-announced. Efforts to reform this were announced by DAERA in 2016, but will not formally take effect until 2027 at the earliest.

Approaches to Achieving Net Zero Across the UK (Published September 2023)

Released by the Public Accounts Committee

This report was a joint piece of work between the public audit offices of the four UK nations – Audit Scotland, Audit Wales, National Audit Office and Northern Ireland Audit Office – and has been produced with engagement from each respective government or administration. It sets out the UK and devolved governments' legislation, policy, strategy, governance and monitoring arrangements, relevant to achieving net zero greenhouse gas (GHG) emissions.

This work had several aims:

- to set out how the responsibilities and powers for achieving the net zero target are split between the UK government and each of the devolved governments;
- to provide insight and stimulate public discussion on each UK nation's overall approach to achieving net zero;
- to support the scrutiny of governments' arrangements to achieve net zero; and
- to lay the foundations for potential further work on climate change by the UK's public audit offices.

The NIAO has also published several cross-cutting reports, including:

- [Budgeting and Accountability \(May 2024\)](#)
- [Major Capital Projects \(February 2024\)](#)
- [Comptroller and Auditor General's Report on Financial Audit Findings 2023 \(December 2023\)](#)
- [Approaches to achieving net zero across the UK \(September 2023\)](#)
- [Ministerial Directions in Northern Ireland \(April 2023\)](#)
- [The NI Budget Process \(June 2021\)](#)
- [Broadband Investment in Northern Ireland \(June 2021\)](#)
- [Managing Attendance in Central and Local Government \(November 2020\)](#)
- [Capacity and Capability in the Northern Ireland Civil Service \(November 2020\)](#)
- Overview of the Northern Ireland Executive's response to the COVID-19 pandemic ([July 2023](#), [June 2021](#) and [September 2020](#))

Copies of all our reports can be found in the [Publications section](#) of our website.



Good Practice guides

We have compiled a number of good practice guides over recent years covering a range of topics highlighting and encouraging public bodies to improve their performance in achieving value for money, implementing policy and suggesting ways in which public services could be improved.

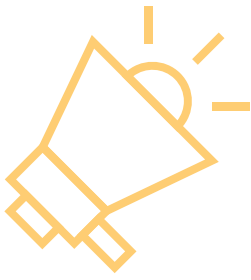
Copies of our good practice guides can be found in the [Publications section](#) of our website.

Recent NIAO Good Practice Guides have covered topics including:

 Board Effectiveness	 Grant Fraud
 Local Government Asset Management Financial Reporting	 School Governance
 Risk Management	 Planning Fraud

Topics planned for future good practice guides include:

 Audit Committee Effectiveness	 Cyber Security
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Counter Fraud Activity

The C&AG maintains a small Counter Fraud Unit which records and monitors notified frauds, and provides fraud-related advice and guidance, both internally and to the wider public sector, to help organisations strengthen their controls and minimise fraud risks. The Unit also co-ordinates the National Fraud Initiative (NFI) in Northern Ireland and is the first point of contact for third parties wishing to raise public interest concerns with the C&AG or Local Government Auditor.

Reporting Fraud

Managing Public Money Northern Ireland requires all NICS departments to report immediately to the C&AG (and to the Department of Finance) all proven, suspected and attempted frauds affecting them or the ALBs sponsored by them. The NIAO monitors these returns and liaises with the audited bodies to ensure that any fraud risks identified are properly addressed, for example through the introduction of additional controls.

National Fraud Initiative (NFI)

All NICS departments participate in the NFI, a UK-wide data matching exercise run every two years. To date, NFI exercises in Northern Ireland have resulted in actual and estimated savings of almost £48 million.

The overall results for NI are published every two years in the regional NFI reports which are available on our [website](#).

The NFI is not reported at organisational level, but by type of outcome (e.g. pensions/rates/payroll etc.) for NI as a whole.

Raising Concerns

Raising concerns (also known as whistleblowing) plays a vital role in securing and maintaining standards in public life. Concerns should be raised in the first instance with the relevant department or arm's length body, as they are best placed to address the issue raised.

The C&AG and the Local Government Auditor are "prescribed persons" to whom protected disclosures can be made under Public Interest Disclosure legislation. Public sector employees, members of the public, contractors, councillors and other third parties can raise concerns with them about the proper conduct of public business, value for money and fraud and corruption. Details of how this can be done, and how such concerns will be considered, are on our [website](#).