Northern Ireland Audit Office

Comptroller and Auditor General's Report on Financial Audit Findings 2025 – Central Government

Report by the Comptroller and Auditor General

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This report has been prepared under Article 8 of the Audit (Northern Ireland) Order 1987 for presentation to the Northern Ireland Assembly in accordance with Article 11 of the Order.

The Comptroller and Auditor General is the head of the Northern Ireland Audit Office. She, and the Northern Ireland Audit Office are totally independent of Government. She certifies the accounts of all Government Departments and a wide range of other public sector bodies; and she has statutory authority to report to the Assembly on the economy, efficiency and effectiveness with which departments and other bodies have used their resources.

Dorinnia Carville
Comptroller and Auditor General

Northern Ireland Audit Office
9 December 2025

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List of Abbreviations

ALB	Arms-length Body
AME	Annually Managed Expenditure
ARAC	Audit and Risk Assurance Committees
BSO	Business Services Organisation
C&AG	Comptroller and Auditor General
CMS	Child Maintenance Scheme
DAERA	Department of Agriculture, Environment and Rural Affairs
DE	Department of Education
DEL	Departmental Expenditure Limit
DfC	Department for Communities
DfE	Department for the Economy
DfI	Department for Infrastructure
DoF	Department of Finance
DoH	Department of Health
DoJ	Department of Justice
FReM	Government Financial Reporting Manual
FTC	Financial Transactions Capital
HSC	Health and Social Care
IFRS	International Financial Reporting Standards
LPS	Land and Property Services
LSANI	Legal Services Agency Northern Ireland
MPMNI	Managing Public Money NI
NDPB	Non-Departmental Public Body
NI	Northern Ireland
NIAO	Northern Ireland Audit Office
NICCY	Northern Ireland Commissioner for Children and Young People
NICS	Northern Ireland Civil Service
NIEA	Northern Ireland Environment Agency
NIHE	Northern Ireland Housing Executive
NIPS	Northern Ireland Prison Service
NITB	Northern Ireland Tourist Board
PAC	Public Accounts Committee
PPSNI	Public Prosecution Service for Northern Ireland
PSNI	Police Service of Northern Ireland
RRL	Revenue Resource Limit
RoFP	Review of Financial Processes
SIB	Strategic Investment Board
TCFD	Task Force on Climate Related Financial Disclosures
TEO	The Executive Office
TME	Total Managed Expenditure
USEL	Ulster Supported Employment Limited

Introduction

Introduction

This report discloses the results of my audit of annual report and accounts of central government bodies certified in the year to 31 August 2025. My hope and intention for this report is to provide information for those charged with governance and for those responsible for managing central government bodies on:

- Why I have modified some of my opinions in the past year.
- Why I have attached a public interest report to some accounts and annual reports.
- The types of issues I have routinely raised in Reports to those charged with Governance in the past year.
- Developments in sustainability reporting in the year to 31 August 2025.

As in previous years, I am pleased to report that most of the accounts I audited are unqualified and accurately represent the financial position of the organisations that have prepared and submitted them.

In the audits covered by this report there has been a reduction in the number of accounts qualified (15) in total and I have also disclaimed one audit opinion. This compares to 18 qualified opinions in the previous year. Partly, this is related to the fact that several accounts were delayed in 2022-23 and certified in 2023-24 due to issues noted with the implementation of the Executive's Review of Financial Process (ROFP). I am pleased to see that these processes seem to be embedded within organisations and for the most part, were operating effectively in 2024-25.

In 2025, I took the unusual step of disclaiming my opinions on the Department for Economy (DfE) 2023-24 Resource Accounts. As I very rarely disclaim my opinions on a set of financial statements, this is a matter of great concern to me. The lack of sufficient, relevant and reliable audit evidence meant I was unable to conclude on either the truth and fairness of transactions and balances or on the regularity of those transactions as set out in the DfE accounts. Additional details on why I took this course of action are set out in Part One of this report.

My audits, and this report, reflect several themes identified from the audit work. These are not new and are matters which have been raised by my auditors with Those Charged with Governance over several years. They include:

- the quality of accounts prepared and submitted for audit together with the audit evidence supplied in support of them which continues to be a concern. This matter has been exacerbated by finance staffing issues, often within smaller bodies;
- concerns in the use of:
  - Direct Award Contracts (DACs);
  - incurring irregular spend; and
  - the use of special payments; and
- board composition.

This report does not encompass the audit of bodies within the Local Government sector. This is addressed in a separate report by the Local Government Auditor.

I have made 18 recommendations to address issues raised by my auditors in the period 1 September 2024 to 31 August 2025, namely that:

Recommendation 1

Those charged with governance review the reasons why I have qualified the accounts detailed in Part One of this report. They should be content that robust processes and procedures are in place to prevent either a recurrence or, indeed, to prevent other bodies facing similar qualifications in the future.

Recommendation 2

Central Government bodies review and consider the reasons why I reported on matters detailed in Part Two, so that if faced with similar circumstances they would be able to deal with them effectively and in accordance with Managing Public Money Northern Ireland (MPMNI) and the Nolan Principles.

Recommendation 3

Those charged with governance:

- **Ensure robust procedures are in place for quality reviews of annual reports and accounts, prior to presentation for audit.**
- **Explore what contingency plans/ procedures are in place to ensure continuation of the finance function should there be long-term absences and/or vacancies in key finance positions. This may include liaison with the body's sponsor department. Those charged with governance should review and consider the recommendations made in reports noted above.**
- **Ensure that staff preparing accounts are familiar with Remuneration Report Guidance and assurances are provided to audit and risk committees that all financial reporting guidance has been complied with for financial statements which are submitted to them for consideration.**
- **Ensure internal financial procedures are detailed, kept up to date and readily available. This is particularly important, should agency or temporary staff need to be engaged at short notice.**

Recommendation 4

Those charged with Governance should ensure their internal audit plans have covered the areas of greatest risk to their organisations and consider if the matters highlighted in this report require Internal Audit assurance.

Recommendation 5

Both management and those charged with governance ensure they have controls in place and operating so that, when tendering, the most appropriate procurement route is followed.

Recommendation 6

Procedures and processes should also be in place to properly manage contracts thus avoiding Direct Award Contracts (DACs) being entered into because sufficient time has not been set aside.

Recommendation 7

Those Charged with Governance should ensure staff are aware of the expenditure limits delegated to them and that when either sponsor department and/or DoF approvals are required that they are in place prior to expenditure taking place. It is important that the time required to do this is built into the planning phase of projects which are of a size that require approval from beyond the Accounting Officer in that particular organisation.

Recommendation 8

Those Charged with Governance should:

- **Ensure they have a full understanding of where fraud could be perpetrated within their organisation.**
- **Satisfy themselves that robust controls are in place to prevent and detect fraudulent activity.**
- **Put processes in place to be assured that controls are operating as intended, and monitor actions being taken.**
- **Have an up-to-date fraud strategy and response plan in place.**

Recommendation 9

My office published an Internal Fraud Risk Guide in February 2022. The Guide sets out the key fraud risks, red flags and mitigating controls over areas including employment application fraud, theft, misuse of official assets and Data/IT related fraud. It is recommended that Those Charged with Governance and officials should consider this guidance to help them identify and manage the areas more at risk of fraud.

Recommendation 10

Those Charged with Governance should ensure that robust controls are in place to address any potential control weaknesses identified by my staff. Policies and procedures underpinning key systems/expenditure streams should be subject to regular review, updated when required and staff should be fully trained in them.

Recommendation 11

Unsupported systems are often the first entry point for ransomware attacks and data breaches as known vulnerabilities can be exploited by hackers. I recommend organisations maintain an inventory of all databases and operating systems, monitor support status, and plan upgrades or system migrations ahead of time to avoid manufacturer support reaching inadequate levels.

Recommendation 12

Those Charged with Governance should review both the NI Corporate governance guidance (linked below in Part Three) and my own good practice guide on board effectiveness. This includes guidance on how the board can evaluate its own effectiveness to ensure it is operating appropriately.

Recommendation 13

Departments who are responsible for Arm's Length Bodies should ensure procedures are in place to monitor board composition and ensure suitable timescales for board member recruitment, training and induction are in place.

Recommendation 14

Those Charged with Governance should satisfy themselves that effective procedures for appraising and approving special payments are in place within their organisation. This includes any follow up actions by the organisation, where a special payment has highlighted controls issues or issues with governance arrangements. Those charged with Governance should be comfortable that they understand why special payments were made, what is being done to prevent them recurring and be content that this is sufficient.

Recommendation 15

Those Charged with Governance should investigate the reason for any increase in the amount or costs of special payments made in the financial year. Where trends or lessons to be learned are identified, senior management should ensure additional controls / procedures are implemented in those areas.

Recommendation 16

Those Charged with Governance should ensure that there are appropriate arrangements in place within their organisation for raising concerns, including the existence of a Raising Concerns policy. This policy should detail sources of support for those who wish to raise a concern.

Recommendation 17

In relation to Encompass HSC Performance Information, the Department of Health should ensure that robust plans are in place to address ongoing issues regarding the quality, completeness and availability of key performance data following the roll out of Encompass.

Recommendation 18

I recommend that departments include as many elements as possible of the DAERA Sustainability reporting guidance in their annual report and accounts. I also recommend that Departments investigate methods and processes to obtain environmental data as detailed in TCFD guidance, in anticipation of the requirement for more detailed disclosures of metrics in future years.

My report is structured as follows:

- **Part One** summarises my modified opinions (both qualified and disclaimed) on the accounts of central government departments and their arms-length bodies.
- **Part Two** summarises short reports which I produced during the year to 31 August 2025, and which did not relate to the qualification of accounts, but which did address issues of public interest arising during my audit work. It also includes details of accounts where I included an additional Emphasis of Matter paragraph in the audit certificate and details any ministerial directions reported to the Public Accounts Committee during the year.
- **Part Three** summarises other matters which were identified across central government departments and their arms-length bodies during my audits.

In the period covered by this report, 1 September 2024 to 31 August 2025, I certified 122 central government accounts.

Background

Background

Role of the Comptroller and Auditor General

As Comptroller and Auditor General (C&AG), I have a statutory responsibility to audit the financial statements of all Northern Ireland departments, executive agencies, and other central government bodies, including non-departmental public bodies, health and social care bodies and some public sector companies, and to report the results of these audits to the Northern Ireland Assembly (the Assembly).

The annual financial audit of public bodies is at the core of the work of the Northern Ireland Audit Office (NIAO), and accounts for approximately 70% per cent of the work of the office. This provides me with direct engagement and insight into the operation of almost every public body in Northern Ireland. I use the knowledge and insight gained from financial audits to inform my public reporting and other work.

My Office continues to work with the Office of the Comptroller and Auditor General in Dublin on the shared audit and certification of the North-South bodies and we continue to have close working arrangements with the other United Kingdom audit offices.

Audit opinions

The purpose of our financial audit is to provide independent assurance that the accounts of an audited body give a true and fair view of its financial position and have been prepared in accordance with the relevant accounting requirements. For the audit of central government bodies, there is an explicit requirement for me, as C&AG, to also provide a regularity opinion on whether, in all material respects, expenditure and income have been applied for the purposes intended by the Assembly and conform to the authorities which govern them.

If, at the end of an audit, I consider the accounts do not present a true and fair view, or expenditure and income has not been incurred in line with Assembly intentions or don't conform to the authorities which govern them, I will qualify my opinion on the account.

I inform the Boards and Audit Committees of audited bodies of the issues I find during my work, giving an independent view on areas where the audited body could improve its governance, controls and financial management. My staff liaise with management to obtain responses to the issues identified, and I report both my findings and managements responses in a document called the 'Report to those Charged with Governance'.

Modified Audit Opinions

In the year covered by this report, I certified 122 central government accounts (i.e. central government departments and their arms-length bodies). This included 13 accounts which were delayed from earlier years.

I issued modified audit opinions on the accounts of 16 central government departments and their arm's length bodies. Of these, eight related to 2024-25 accounts and eight to earlier years.

There has been a reduction in the number of modified opinions on accounts from the previous year both in terms of absolute numbers and in percentage terms. This is largely due to the timing of audits and when they are completed. When matters arise which may impact my opinion the time needed to obtain the required evidence (or to establish that it isn't available) may mean that audits are delayed and fall into the following year. Due to their nature a number of these modified opinions are recurring.

Table 1: Accounts Certified

As at	2024-25	2023-24
Accounts certified	122	113
Accounts qualified	15	18
Accounts disclaimed	1	0
Percentage	13%	16%

"I am pleased to report that most of the accounts I audited are unqualified... this report reflects several themes identified from the audit work. These are not new and are matters which have been raised with Those Charged with Governance over several years."

Comptroller and Auditor General for Northern Ireland

Part One:

Modified Audit Opinions

Part One: Modified Audit Opinions

This section summarises my qualified and disclaimed audit opinions on the accounts of 16 central government departments and their arm's length bodies in the year to 31 August 2025.

In the period covered by this report, seven resource accounts received qualified audit opinions, and one was disclaimed. Of these, one relates to 2021-22; four to 2023-24 (including the disclaimer) and three to 2024-25. I also qualified a further eight accounts relating to arms-length bodies, of which one is from 2021-22, two from 2023-24 and five from 2024-25.

Table 2: List of Qualified Accounts 2024-25

Organisation	Reason for Qualification
Department for Agriculture, Environment and Rural Affairs 2024-25	Accounting treatment of a provision
Department for Communities 2024-25	Material levels of Estimated Fraud and Error in Benefit expenditure (other than State Pension)
Department for Communities Child Maintenance Service Client Funds 2024-25	Lack of evidence to support the level, accuracy & completeness of outstanding maintenance arrears for the legacy schemes
The Executive Office 2024-25	Financial Transactions Capital
Business Services Organisation 2024-25	Material error in stock provision
Legal Services Agency 2024-25	Irregular legal aid expenditure and lack of evidence that fraud and error does not exist for legal aid expenditure
Northern Ireland Environment Agency 2024-25	Accounting treatment of a provision
Northern Ireland Housing Executive 2024-25	Levels of fraud and error in Housing Benefit

Department of Agriculture, Environment and Rural Affairs 2024-25 – Accounting treatment of a provision

The Department of Agriculture, Environment and Rural Affairs (DAERA) has responsibility for food, farming, environment, fisheries, forestry and sustainability policy and the development of the rural sector.

In 2024-25, the Department continued to include disclosure of a contingent liability relating to the remediation costs of the contaminated illegal dump site at Mobuoy, Derry/Londonderry. A total of £495k was included in provisions for the ongoing monitoring of the Mobuoy site.

I continue to disagree with this accounting treatment as it is my opinion that the conditions are met for the costs to be accounted for by way of a provision in the financial statements. The quantum of the provision is £107 million. Therefore, on that basis, I have qualified my true and fair opinion on the DAERA 2024-25 financial statements for the omission of a provision of £107 million for the 2024-25 year, and for the comparative figures for 2023-24.

A copy of my full report on the 2024-25 accounts is available at page 135 of The Department of Agriculture, Environment and Rural Affairs Report and Accounts for the year ended 31 March 2025.

Department for Communities 2024-25 – Material levels of Estimated Fraud and Error in Benefit expenditure (other than State Pension)

The Department for Communities (DfC) is responsible for housing, urban regeneration, community development, social security and child maintenance. The annual gross expenditure for the Department is £11.1 billion of which approximately £9.8 billion is spent on benefits. The Department's accounts have been qualified for a number of years due to material levels of overpayments and underpayments in benefit expenditure. The nature and reasons for these levels of fraud and error vary every year.

In 2024-25, I qualified my opinion on the regularity of DfC's financial statements due to the material level of estimated fraud and error in benefit expenditure, except for State Pension expenditure where the estimate of fraud is significantly lower. The level of fraud and error losses in 2024-25 is estimated by DfC to be £350 million compared to £240 million in 2023-24. This is an increase of £110 million or 46%. At the same time total benefit spend increased by 13%. The Department told me that this increase in fraud and error was a combination of an increase in the error rate and in a significant increase in expenditure due to inflationary increases in benefit rates and a growing Universal Credit caseload. The Department also told me it remains committed to minimising fraud and error and to enhancing its understanding of the root causes of it.

A copy of my full report is available at page 241 of the Department for Communities Annual Report and Accounts for 2024-25.

Department for Communities Child Maintenance Service Client Funds 2024-25 – Lack of evidence to support the level, accuracy & completeness of outstanding maintenance arrears for the legacy schemes

The Department for Communities Child Maintenance Service (CMS) is responsible for administering statutory child maintenance schemes in Northern Ireland and the management of client funds relating to these schemes.

The current statutory child maintenance scheme was introduced in 2012 (CMS 2012 scheme). Two earlier schemes introduced in 1993 and 2003 (legacy schemes) have now been closed.

The DfC is required to disclose the amount owed by paying parents in respect of maintenance assessments. Any missed payment or shortfall is recorded as a debt. Where the DfC makes incorrect maintenance assessments, any arrears accruing are at an incorrect rate and lead to misstatements in the individual arrears supporting the outstanding legacy arrears balance.

I could fully substantiate the arrears balances (£11.9 million) for cases managed under the CMS 2012 scheme but could not obtain sufficient appropriate audit evidence to confirm the accuracy and completeness of the legacy arrears balance (£2.4 million), limiting the scope of my audit. The DfC was unable to provide me with assurance over the validity of the legacy arrears' balance and cannot estimate the value of misstatements.

I have therefore qualified my opinion on the financial statements in relation to the element of the arrears' balance arising from legacy schemes of £2.4 million.

A copy of my full report is available at page 293 of the Department for Communities Annual Report and Accounts for 2024-25.

The Executive Office 2024-25 – Financial Transactions Capital

I qualified my audit opinion on The Executive Office's (TEO) 2024-25 financial statements as I do not consider that the accounting treatment for Financial Transactions Capital (FTC) loans, as directed by the Department of Finance, complies with International Financial Reporting Standard (IFRS) 9 – Financial Instruments and the Government Financial Reporting Manual (FreM).

FTC monies are channelled through TEO and the Strategic Investment Board (SIB), which has a generic legal capability to make loans, as the two departments who currently use FTC monies to make loans to the private sector do not currently have vires to issue loans.

TEO and SIB do not own or control FTC loans nor derive any direct economic benefit from them. In addition, TEO and SIB do not have the objective of holding FTC loans in order to collect contractual cash flows. Consequently, I do not consider it appropriate to recognise assets or liabilities relating to FTC loan transactions in the TEO group accounts. The inclusion of £313 million worth of FTC loans within TEO's assets as at 31 March 2025 represents a material error in the accounts.

Legislation to provide other departments with vires to make loans is being progressed.

A copy of my full report on the 2024-25 accounts is available at page 197 of The Executive Office Annual Report and Accounts for the year ended 31 March 2025.

Business Services Organisation 2024-25 – Material error in stock provision

I qualified my audit opinion on the 2024-25 financial statements for two reasons:

- Material Error in the Stock Provision: - The value of the stock in the financial statements is materially misstated by £6 million due to the level of provision being insufficient to cover the stock identified as being at risk. In addition, the Surplus against Revenue Resource Limit (RRL) reported (breakeven), which indicated an achievement of breakeven is incorrect, as breakeven would have been breached had the stock provision been stated correctly.

- Limitation of Scope – There is £9 million of stock without expiry dates at the year end, of which £5 million has been included in the stock provision at 31 March 2025. This leaves £4 million of the stock without expiry dates not included in the provision and there is uncertainty as to whether this will all be issued prior to becoming obsolete. Management has not taken reasonable steps to ascertain the extent to which a provision might be required.

Therefore, I was unable to obtain sufficient, appropriate audit evidence to conclude that the financial statements as a whole are free from material misstatement.

A copy of my full report on the 2024-25 accounts is available at page 173 of the Business Services Organisation Annual Report and Accounts for the year ended 31 March 2025.

Legal Services Agency Northern Ireland 2024-25 – Irregular legal aid expenditure and lack of evidence that fraud and error does not exist for legal aid expenditure

The Legal Services Agency Northern Ireland (LSANI) is responsible for administering legal aid in Northern Ireland. The legal aid expenditure of the LSANI has been qualified since its inception in 2004 due to potential fraud and error within payments.

I have qualified my regularity opinion in 2024-25 because:

- statistics produced by LSANI estimating that £2 million of overpayments and £2.4 million of underpayments of legal aid costs (£4.4 million in total) were made during the year due to official error and £2.2 million of overpayments and £1.1 million of underpayments of legal aid costs (£3.3 million in total) were made during the year due to legal practitioner fraud and error; and
- limitations in the scope of my work as a result of LSANI being unable to provide sufficient audit evidence to satisfy myself that material fraud and error by legal aid applicants did not exist within legal aid expenditure.

A copy of my full report is available at page 133 of the LSANI's 2024-25 Annual Report and Accounts.

Northern Ireland Environment Agency 2024-25 – Accounting for a provision

The Northern Ireland Environment Agency (NIEA) is part of the DAERA departmental group and is included in its consolidated group financial statement. In line with my qualification on DAERA's 2024-25 accounts, I have also qualified my true and fair opinion on the NIEA's 2024-25 financial statements and for the comparative figures for 2023-24. As with DAERA this is due to a disagreement over the omission of a £107 million provision, being a reliable estimate of the remediation costs of the contaminated illegal dump site at Mobuoy, Co. Londonderry.

A copy of my full report on the 2024-25 accounts is available at page 80 of The Northern Ireland Environment Agency Report and Accounts for the year ended 31 March 2025.

Northern Ireland Housing Executive 2024-25 – Levels of fraud and error in housing benefit

The Northern Ireland Housing Executive (NIHE) is a public body that manages social housing, energy conservation and housing benefit. In 2024-25, the estimated levels of fraud and error in Housing Benefit expenditure remained material at £23.9 million. As was the case in previous years, I qualified my regularity opinion for the 2024-25 accounts because of this. The expenditure has not been applied in accordance with the purposes intended by the NI Assembly.

A copy of my full report is available at page 284 of the Northern Ireland Housing Executive's 2024-25 Annual Report and Accounts.

In addition to those accounts qualified in the year just past, I also modified my opinion on a number relating to previous financial years. The audits relating to these financial statements had not been completed by the 31 August 2024, the end of the period covered by my 2023-24 report.

Table 3: Accounts Qualified/Disclaimed relating to 2023-24 financial year and earlier

Organisation	Reason for Qualification
Department for the Economy 2023-24	Disclaimed opinion due to being unable to obtain sufficient, relevant and reliable audit evidence to support the information in the financial statements
Department of Education- Northern Ireland Teachers' Pension Annual Scheme 2023-24	Excess Vote
Department of Education- Northern Ireland Teachers' Pension Annual Scheme 2021-22	Excess Vote
Northern Ireland Authority for Utility Regulation 2023-24	Excess Vote
Public Prosecution Service 2023-24	Limitation of audit scope
Northern Ireland Commissioner for Young People 2023-24	Irregular expenditure
Ulster Supported Employment Limited 2023-24	Irregular expenditure and Insufficient evidence for VAT liabilities
Northern Ireland Tourist Board 2022-23	Irregular expenditure

Department for the Economy 2023-24 – Disclaimed audit opinion

Issues that led to modification of the audit opinion

The Department for the Economy (DfE) is responsible for economic policy, employment and skills, and further and higher education. I issued a disclaimed audit opinion on DfE's 2023-24 financial statements. Auditing standards require me to disclaim my opinion as I assessed the possible effects of undetected misstatements to be both material to a reader's understanding of the financial statements and pervasive. Issues are considered pervasive if their effects on financial statements are not confined to specific elements, accounts or items, or if so confined, represent or could represent a substantial proportion of the financial statements. In the case of DfE's financial statements, both of these criteria were met.

That meant that I was unable to form an opinion on whether the financial statements provided a true and fair view of DfE's transactions and balances, and whether those transactions were regular. A disclaimed audit opinion on the financial statements of a government department is extremely unusual and a matter of significant concern. The difficulties in obtaining audit evidence resulted in the audit process not being completed until March 2025, some five months beyond the statutory deadline.

Two main issues led to the disclaimed audit opinions.

- The first relates to issues with the production of group financial statements. The Department made 43 adjustments to the prior period figures shown in the 2023-24 financial statements, with an absolute value of £1 billion of which £689.7 million related to reclassifications between expenditure categories. It was unable to provide sufficient evidence to support 19 of those adjustments, with an absolute value of £137.4 million. There was also a further potential overstatement of £10 million in the group prior year net expenditure, on which I was unable to conclude definitively due to insufficient records being available.
- The second issue relates to the valuation of the student loans financial asset at £4.1 billion. The model used to estimate the value of this asset was created by the Department for Education in England (DfE England). However, DfE England moved to a new model in 2021-22 and, whilst the model used by the Department for the Economy continues to be maintained by DfE England, it is nonetheless becoming increasingly out of date. I was unable to obtain sufficient detailed information on these models from the Department to assess how significant the effect may be to the estimate used by the Department in the financial statements.

I also reported that had I not disclaimed my audit opinions, I would have qualified my regularity opinion due to:

- irregular expenditure of £18.3 million relating to the Post Graduate Awards (PGA) grant scheme, where the Department had not sought Department of Finance (DoF) approval in line with the correct delegation requirements, after it had been reclassified from resource to capital expenditure for budget purposes; and
- unexplained adjustments of £2.5 million within the Statement of Outturn against Assembly Supply.

I had reported in 2022-23 the challenges my team encountered during the Department's first group audit, which led to an unprecedented amount of audit work and significant delays. Given that the 2022-23 audit was only completed in March 2024, the Department had limited time to implement improvements before producing its draft 2023-24 financial statements for audit. Whilst it took action to address the issues raised, it did not deliver the demonstrable improvement it anticipated in time for my 2023-24 work. This led to considerable delays in completing the 2023-24 audit.

My Report attached to the financial statements also contains details of a number of other matters. Details of these can be found in my full report which is available at page 228 of the Department for the Economy's 2023-24 Annual Report and Accounts.

This disclaimed audit opinion was of significant concern to the Public Accounts Committee of the NI Assembly. The Committee took evidence from the Accounting Officer and senior Departmental officials as well as the Treasury Officer of Accounts on the issues highlighted by my audit.

I have just completed the audit of DfE's 2024-25 financial statements and once again, I have disclaimed my audit opinions. Whilst full details of the disclaimed 2024-25 audit opinion will be contained within my 2025-26 General Report, the Report I attached to the 2024-25 accounts can be found at page 223. DfE Annual Report and Accounts 2024-25 | Department for the Economy.

Department of Education – Northern Ireland Teachers' Pension Annual Scheme 2023-24 and 2021-22 - Excess Vote

The Northern Ireland Teachers' Pension Scheme is a defined benefit pension scheme that provides teachers with a pension upon retirement. The Northern Ireland Teachers' Pension Annual scheme accounts show the assets and liabilities of that scheme as at the reporting date.

Departments plan their resource and cash requirements so that they remain within the limits approved by the Assembly. If one or both of these limits are exceeded, an excess vote occurs, and I qualify my opinion on the accounts and report on the circumstances giving rise to the excess. I also bring the matter to the attention of the PAC, which must decide whether to recommend approval to the relevant department to regularise the overspend.

In 2023-24, the NI Teachers' Pension Annual Scheme expended more resources than the Assembly had authorised, resulting in an excess vote. The net resource outturn of £500 million was £9.2 million in excess of the £490.8 million authorised by the Assembly. I qualified my regularity opinion on the basis of the excess vote.

In 2021-22, the NI Teachers' Pension Annual Scheme expended more resources than the Assembly had authorised, also resulting in an excess vote. The net resource outturn of £721.3 million was £10.7 million in excess of the £710.6 million authorised by the Assembly. I qualified my regularity opinion on the basis of the excess vote.

A copy of my full report for 2023-24 is available at page 61 of the Department of Education – Northern Ireland Teachers' Pension Annual Scheme Statements.

A copy of my full report for 2021-22 is available at page 60 of the Department of Education – Northern Ireland Teachers' Pension Annual Scheme Statements.

The reasons for the delays on the production of the DE Northern Ireland Teachers' Pension Annual Report and Accounts, are also addressed in the reports above.

Northern Ireland Authority for Utility Regulation Annual Report and Accounts 2023-24 – Excess Vote

The Northern Ireland Authority for Utility Regulation (NIAUR) is responsible for regulating the electricity, gas, water and sewerage industries in Northern Ireland and promoting the short and long-term interests of consumers. In 2023-24, the NIAUR required more cash than the Assembly had authorised. This breached the Assembly's control over its expenditure and the NIAUR incurred an excess vote, for which further Assembly approval was required.

In 2023-24, the Spring Supplementary Estimates included a Net Cash Requirement limit for the NIAUR of £0.6 million. The actual outturn was £1.1 million, giving an excess of £0.5 million.

The excess occurred as, when preparing their Net Cash Requirement for inclusion in 2023-24 Spring Supplementary Estimates, the NIAUR assumed that all licence fees invoiced in year would be paid by 31 March 2024. However, one invoice for £0.5 million, issued in September 2023, was queried by the electricity supplier and it took until March 2024 before this issue was resolved and a revised invoice for £0.3 million issued to the supplier. Payment of the revised invoice did not occur until May 2024.

When preparing the Spring Supplementary Estimates, the NIAUR had also surrendered £0.2 million.

As a result of this excess, I have qualified my regularity opinion on the NIAUR's 2023-24 financial statements.

A copy of my full report is available at page 114 of the NIAUR 2023-24 Annual Report and Accounts.

Public Prosecution Service for Northern Ireland 2023-24 – Limitation of audit scope

The Public Prosecution Service (PPS) is the principal prosecuting authority in Northern Ireland, with responsibility for taking prosecution decisions in all cases investigated by the police. It is a non-ministerial department and so produces annual resource accounts.

In my 2022-23 audit, I had concerns over the calculation of the hourly rate element of the counsel fee accrual and provision and an adjustment was made to the draft 2022-23 accounts. In response to these concerns and our associated audit recommendation at that time, PPS developed a complex counsel fee accruals and provisions model in 2023-24 which they considered would help them better refine both estimates going forward. This model used a suite of assumptions which were based on the experience of senior PPS staff. PPS told me that it was its clear view that this new model was its best attempt at reflecting the underlying activity at year-end and accounting for the split of counsel fee liabilities between accruals and provisions.

However, there was no documentary evidence which could be made available to my staff to support the assumptions within the model. Therefore, the model could not be adequately tested and despite working with PPS to resolve the issue, it became clear that assurance could not be obtained over the accuracy of the split of the overall counsel fee liability between accruals and provisions. I subsequently concluded I did not have sufficient audit assurance over the accuracy and valuation of the overall counsel fee accrual (£1.1 million) and counsel fee provision (£1.6 million) that was recorded in the 2023-24 financial statements.

I also qualified my regularity opinion on this matter because of the possibility that any significant adjustment between counsel fee accruals and provisions could have led to an excess vote on the Departmental Expenditure Limit (DEL) and Annual Managed Expenditure (AME) control totals, which are set out in its Statement of Outturn against Assembly Supply.

A copy of my full report is available at page 152 of the PPS 2023-24 accounts.

Northern Ireland Commissioner for Young People 2023-24– Irregular Expenditure

The Northern Ireland Commissioner for Children and Young People (NICCY) is an arms-length body of the DfC which is responsible for safeguarding and promoting the rights and best interests of children and young persons.

In 2022, NICCY appointed two staff to new posts but did not seek DoF approval as required by its primary legislation. This matter was identified at the time of my 2023-24 audit and while NICCY subsequently sought to rectify the matter by submitting a business case seeking approval for the staff posts, the DoF decided not to grant retrospective approval. Without the DoF approval, expenditure of £115k incurred on these staff posts during

2023-24 is irregular. This level of irregular spend is material to NICCY's financial statements and I therefore qualified my regularity opinion for 2023-24 on this basis.

A copy of my full report is available at page 97 of the NICCY 2023-24 accounts.

Ulster Supported Employment Limited 2023-24 – Irregular expenditure and Insufficient evidence for VAT liabilities

Ulster Supported Employment Limited (USEL) is the leading provider in helping people with disabilities or health conditions gain employment.

I qualified my opinion on the financial statements in 2023-24 because USEL was unable to provide sufficient evidence to enable me to conclude that VAT liabilities of £248k and £31k at 31 March 2024 and 31 March 2023 respectively were correctly stated.

I qualified my regularity opinion in 2023-24 due to £1.16 million of irregular other operating expenditure which did not conform to the delegated authorities from the DfC. Fundamental weaknesses in procurement practices and internal controls in USEL were identified in 2023 as a result of whistle-blower allegations, with USEL not preparing business cases and seeking required approvals from the DfC before expenditure was incurred. A copy of my full report is available at page 85 of the USEL 2023-24 Annual Report and Accounts.

Northern Ireland Tourist Board 2022-23 – Irregular Expenditure

The Northern Ireland Tourist Board (NITB) is responsible for the development of tourism in Northern Ireland, supporting the tourism industry and for marketing Northern Ireland as a tourist destination. It works closely with other tourism bodies to help develop the visitor economy.

I qualified my regularity audit opinion on the 2022-23 financial statements due to:

- expenditure of £0.92 million paid to the Northern Ireland Hotel Federation for the delivery of the Co-Operative Marketing Fund, without NITB having the necessary legal powers in place to delegate this to a third party;
- income of £46k relating to the Quality Grading Scheme without the NITB having the necessary legal powers in place to make these charges and expenditure of £27k relating to the deficit on the scheme without the necessary related DoF approvals; and
- expenditure of £56k relating to the deficit on the Certification Scheme without the necessary DoF approvals.

A copy of my full report on the 2022-23 accounts is available at page 95 of 2022-2023-tni-annual-report-and-accounts.

Overall Conclusions and Recommendations

This is my third report as C&AG and I am continuing to qualify accounts on the same issues as in previous years, namely:

1. Irregular expenditure:
    - Excess votes.
    - Levels of fraud and error; and
    - Incurring expenditure not covered by the authorities which govern those organisations.
2. Appropriate accounting for a provision or the estimation of that provision.

Some of the qualified opinions above have been given for several years and are likely to continue. Full details of why they have arisen will be given in my individual reports on these accounts published with the financial statements.

I also disclaimed the opinion on the Department for Economy Resource accounts 2023-24 as I was unable to obtain sufficient, relevant and reliable audit evidence to support the financial statements. This is a highly unusual situation. Whilst I had not disclaimed the 2022-23 opinion there were issues in that year also and these are set out in my 2023-24 General Report.

Recommendation 1

I continue to recommend that those charged with governance review the reasons why I have qualified the above accounts. They should be content that robust processes and procedures are in place to prevent either a recurrence or, indeed, to prevent other bodies facing similar qualifications in the future.

Part Two:

Public Interest Reporting on Unqualified Accounts

Part Two: Public Interest Reporting on Unqualified Accounts

Reporting on Unqualified Accounts

Outlined in this section are details of the reports that I have issued on accounts in the year to 31 August 2025. The reports related to issues that have arisen during the audit and although not material to the audit opinion, are of sufficient importance to draw to the attention of the Northern Ireland Assembly (the 'Assembly'). These reports allow me to address issues of public interest.

Department of Education 2023-24: Expenditure without approval

During my audit of the Department of Education's (DE's) 2022-23 financial statements, I noted instances where expenditure had been incurred without the necessary approval. I am disappointed to have noted four further instances (totalling £2.2 million) where expenditure had been incurred without the necessary approval in the 2023-24 audit.

The largest example of which was of £1.6 million irregular expenditure incurred by both DE and the Education Authority (EA). This was for a three-year extension to the existing ResourceLink contract for the period 1 April 2023 to 31 March 2026. ResourceLink is the current HR and payroll system in use within the Education Authority, and this contract was extended to March 2026.

The Department of Finance advised me it has not provided retrospective approval for the expenditure on the ResourceLink project and so the expenditure is considered irregular.

My regularity audit opinion has not been qualified on these issues because the amounts involved are not material to the financial statements.

A copy of my full report is available at page 163 of the Department of Education's 2023-24 Annual Report and Accounts.

Belfast Health and Social Care Trust

Within the Governance Statement, disclosures have been made in respect of "Cardiac Surgery and potential impact on culture and governance across the trust". The minister for Health has raised the accountability process to level 5. I note that an intervention of this level is required only in the most serious and exceptional circumstances, and this extends to the entire organisation. I will keep in view the progress made by the Trust in the application of these interventions.

My full report is available on page 140 of the Belfast Health and Social Care Trust Annual Report and Accounts 2024-25.

Driver and Vehicle Agency 2024-25 – Payments to terminate contracts

The Driver and Vehicle Agency (DVA) entered into a contract in March 2019 for the supply, installation, commission, calibration and maintenance of vehicle testing equipment and associated IT hardware, software, licenses and management information systems. Between 2021 and 2024 the DVA identified what it considered to be a high number of significant issues in the delivery of this contract.

Following legal processes relating to these issues, the DVA and the contractor agreed to exercise a clause within the contract allowing for its termination. In April 2025, following negotiation between the two parties' legal representatives, agreement was reached on a settlement, which included a payment of £1.5 million to be made by the DVA to the contractor for losses they had incurred on work relating to the contract to that point.

I am satisfied that this payment was regular and was appropriately disclosed within the financial statements. I was also satisfied that the Agency was able to provide me with sufficient evidence to conclude that its actions were consistent with the legal advice it received in respect of this settlement.

In addition to this termination payment, the DVA has also incurred a range of other costs directly relating to the failure of this contract over the last six years. These include significant staff and other costs incurred by DVA due to delays and revisions affecting other contracts necessitated by the problems which affected this project. During my audit the DVA provided me with a detailed estimate of these and disclosed them as a constructive loss of £3.6 million.

It is clear there are a number of issues in relation to the design, award and delivery of this contract that led to its failure. These issues do not all fall into the scope of my audit of the financial statements. I will consider undertaking a more detailed review of these within the context of my ongoing Public Reporting forward work programme.

A copy of my full report is available on page 84 of the Driver and Vehicle Agency Accounts for 2023-24.

Land and Property Services Trust Statement - Rate Levy Accruals Account 2023-24 – Fraud and Error within Housing Benefit Relief

The purpose of the Trust Statement is to account for the revenue collected in relation to domestic and business property taxation. In 2023-24, total revenue amount to £1.7 billion, compared to £1.6 billion in 2022. Reliefs and discharges are permitted where specific criteria are met. These are recorded as expenditure in the Trust Statement accounts.

One such rate relief relates to Housing Benefit with a total expenditure of £30 million in 2023-24. Although Housing Benefit is phasing out for working age claimants due to the roll out of Universal Credit, it will continue to remain in place for state pension-aged recipients. The DfC's Standards Assurance Unit reported estimated levels of fraud and error for Housing Benefit rate relief of £2.2 million and £1.3 million respectively.

In previous years, I qualified my regularity opinion on the level of fraud and error associated with Housing Benefit rate relief. Whilst I continue to regard the levels of fraud and error to be high in relation to the expenditure incurred, I note the sustained reduction in both expenditure and the overall trend in Housing Benefit fraud and error. On that basis, I have not qualified my regularity opinion in 2023-24.

Other matters arising from the audit include:

- Increasing levels of ratepayer debt (£179.6m in 2023-24 compared to £172.9 million in 2022-23); and
- Vacancy discharges (the level of expenditure associated with vacant properties) has significantly increased (£41.1 million in 2023-24 compared to £31.4m in 2022-23).

A copy of my full report is available at page 33 of the LPS Rate Levy Accrual Accounts 2023-24.

Department of Education – Northern Ireland Teachers' Pension Annual Scheme 2022-23 – Delays to the production of Annual Report and Accounts

The Department has experienced significant delays in producing its Annual Report and Accounts for the Scheme for the 2022-23 financial year. This delay was primarily due to issues around the implementation of the new Teacher's Pension System and associated financial systems, which also resulted in the delay of the 2020-21, 2021-22 and subsequent 2023-24 accounts, all of which had an excess vote.

Delays in production of accounts could increase the risk of further excess votes and delays in seeking the required Assembly approval.

A copy of my full report is available at page 46 of the Department of Education – Northern Ireland Teachers' Pension Annual Scheme Statements.

Conclusions and recommendation

Whilst the above issues did not result in qualifications on accounts, the subject matters are important and the nature of which means they will be of interest to the public.

Unsurprisingly there is some overlap with those matters highlighted in part one such as fraud and error which was not large enough to qualify on. This section also covers matters of governance.

Recommendation 2

I recommend that Central Government bodies review and consider the reasons why I reported on the matters in Part Two above so that if faced with similar circumstances they would be able to deal with them effectively and in accordance with Managing Public Money Northern Ireland (MPMNI) and the Nolan Principles.

Emphasis of Matter and Other Modifications to My Certificate

I include an emphasis of matter in audit reports, when in my judgement, an issue is of such importance that it is fundamental to the users understanding of the financial Statements. An Emphasis of matter paragraph does not result in a qualified audit opinion provided the engagement team has obtained sufficient, appropriate audit evidence that the matter is not materially misstated in the financial statements. Such a paragraph refers only to information that has already been presented or disclosed in the financial statements.

During the year to 31 August 2025, I included the following emphasis of matter paragraphs in my audit certificates:

- The Executive Office (TEO). To reflect the potential impact of the highly uncertain assumptions used in the calculation of a provision for the Victims' Payment Scheme.
- Police Service Northern Ireland (PSNI). To reflect the material valuation uncertainty for the Data Loss Compensation Provision.
- Department of Justice (DoJ). As the PSNI is consolidated into the DoJ then the material valuation uncertainty for the Data Loss Compensation Provision within also applies to it.
- Northern Ireland Public Services Ombudsman 2024-25. To reflect a prior period adjustment to the value of a leased building.
- Belfast Metropolitan College 2023-24. To reflect a prior period adjustment in relation to income recognition and a prior period adjustment in relation to the pension's surplus.
- North West Regional College 2023-24. To reflect a prior period adjustment in respect of the pension surplus.
- South West College 2023-24. To reflect a prior period adjustment in respect of the pension surplus and to reflect a prior period adjustment in relation to obligations under finance leases in respect of PFI contracts.
- Southern Regional College 2023-24. To reflect a prior period adjustment in respect of the pension surplus.
- South Eastern Regional College 2023-24. To reflect a prior period adjustment in respect of the pension surplus.

Northern Regional College financial statements for 2023-24 were not certified within the time frame covered by this report. However, these accounts will also contain an emphasis of matter paragraph in relation to a prior period adjustment in respect of a pension surplus.

Ministerial Directions

Section 3.5 of Managing Public Money Northern Ireland (MPMNI) sets out that departmental accounting officers,

> "should take care to bring to the attention of the Minister (s) to whom he or she is responsible, any conflict between the Ministers' instructions and his or her duties".

These duties are set out in chapter three of MPMNI (see Appendix 1). This chapter makes it clear that the test is,

> `whether the Accounting Officer could justify the proposed activity if asked to defend it'.

If the Accounting Officer believes he could not, then he must ask for a written direction to proceed. If the minster decides it is nevertheless appropriate to continue with a course of action that conflicts with MPMNI requirements, the Accounting Officer should ask for a formal written direction to proceed.

The expenditure incurred under such a direction, by its nature means that the associated expenditure is novel or contentious and will be therefore outside the authority of the Department to incur the delegated expenditure.

The Accounting Officer is required to write to me with all relevant details regarding the Direction and on the issue. I will then draw the matter to the attention of the PAC.

For the financial year 2024-25, one ministerial direction was issued, with respect to the Enhanced Flood Relief Scheme.

DfE developed an 'Enhanced Flood Relief Scheme'. This scheme was to provide up to £100k of support to small and medium sized businesses. A Ministerial Direction was issued for this `Enhanced Flood Relief Scheme', as the timeframe did not make it possible to gather the information to establish whether the scheme would ensure better value for money than other approaches.

Further information on all ministerial directions can be found at the following link:
Ministerial Directions | Department of Finance

Part Three:

Other Matters

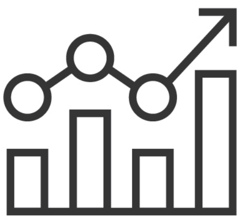
Part Three: Other Matters

I report separately to Those Charged with Governance on a range of matters identified during audits. These matters are reported in a formal document known as the 'Report to Those Charged with Governance' (RTTCWG). They are not significant enough for a qualified opinion or a Public Interest Report but nonetheless need attention to prevent a recurrence and any potential financial errors or compliance issues. They are presented and discussed at Audit Committee meetings, which are regularly attended by my staff.

My audits in the year to 31 August 2025, identified a number of matters of concern across the range of bodies audited. Unfortunately, some of these matters are not peculiar to the year ended 31 August 2025. They are matters which I have highlighted in previous C&AG reports on financial audit work. The matters are grouped under the following headings:

- Production of annual report and accounts
- Control issues, including irregular expenditure; direct award contracts; and fraud.
- Legacy IT systems which are no longer supported
- Board composition
- Increase in special payments
- Raising concerns
- Encompass – HSC performance information
- Sustainability disclosures

These common themes are discussed more fully below



1. Production of Annual Report and Accounts

In the last two years, I have raised issues with the quality and timeliness of some of the annual reports and accounts which were presented for audit. Proper and timely production of annual reports and accounts is important; any delays can impact stakeholders' ability to assess the financial health of a public sector body. It also creates inefficiencies in the audit process.

Whilst the previous two sections have outlined some issues with the quality of financial statements, my auditors have also raised issues with other bodies in their RTTCWG. Most of these bodies are small arms-length bodies who continue to suffer from staff shortages or staff changes in the finance section. These bodies do not always have the capacity to fill vacancies internally and the problem is further exacerbated by a continuing shortage generally of qualified staff with the relevant financial experience. In many cases agency staff are employed but as the public sector does have specific financial reporting requirements this solution is not without its problems.

The majority of the annual report and accounts I certify are well prepared and on time. However, there continue to be matters routinely raised by auditors to those charged with governance including a lack of:

- Evidence to support the figures in the accounts. Supporting paperwork was sometimes prepared after the accounts were submitted or did not agree to the accounts.
- Management review of the accounts and/or the supporting evidence. This included being content with the reliability of figures which are estimated. There is a risk that estimates can be used to manipulate the outturn figures to remain within a particular budgetary limit, for example. I made quite a number of recommendations in my reports to those charged with governance in the area of figures which are arrived at by using complicated estimation techniques and models. This includes things such as the estimation of provisions and accruals.
- Compliance with the guidance which should be used to prepare the accounts, either due to not keeping up to date with changes in the year or not seeking approval to depart from the guidance. This was most evident in the preparation of the Remuneration Report. The figures in this report have a low threshold for error as they primarily relate to salary and pension disclosures of senior officials. My auditors noted that the figures, in many instances were not prepared on the correct basis and had to be amended.
- Internal financial procedure policies/documents or these being out of date. This causes problems when new or agency staff are employed and do not yet have the necessary knowledge of the organisation.
- Accounts agreeing to the underlying finance system, for example, there were issues with the figures per the fixed asset register being different to those in the account or the account not agreeing to the underlying trial balance.

Recommendation 3

I recommend that those charged with governance:

- **Ensure robust procedures are in place for quality reviews of annual reports and accounts, prior to presentation for audit.**
- **Explore what contingency plans/procedures are in place to ensure continuation of the finance function should there be long-term absences and/or vacancies in key finance positions. This may include liaison with the body's sponsor department. Those charged with governance should review and consider the recommendations made in reports noted above.**
- **Staff preparing accounts should ensure they are familiar with Remuneration Report Guidance. They should confirm to audit and risk committees that all financial reporting guidance has been complied with for financial statements which are submitted to them for consideration.**
- **Ensure internal financial procedures are detailed, kept up to date and readily available. This is particularly important, should agency or temporary staff need to be engaged at short notice.**

2. Control Issues

Control issues are deficiencies in an organisation's internal control system that may lead to error, fraud or mismanagement. These weaknesses can impact financial reporting and compliance with laws and regulations.

All the bodies audited by me will have an internal audit function in place. This function will provide assurance to the Accounting Officer on the operation of controls and, if necessary, make recommendations for improvement.

Internal Audit carries out its work in accordance with the "Public Sector Internal Audit Standards". These standards define Internal Audit as an,

> "Independent, objective assurance and consulting activity designed to add value and improve an organisation's operation. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes".

Internal audit will produce an annual programme of work which is based on an assessment of the risks facing the organisation, its operations, programmes, systems and controls. This programme of work must be sufficient to provide the annual assurance required by each organisation's Accounting Officer.

Every audit will be given an overall opinion and the definitions for these are:

1. Satisfactory- Overall there is a satisfactory system of governance, risk management and control
2. Limited- there are significant weaknesses within the governance, risk management and control framework
3. Unacceptable- the system of governance, risk management and control has failed or there is a real and substantial risk that the system will fail to meet is objectives

In some instances, a split opinion will be given (for example Satisfactory/Limited).

I reported last year on the number of limited opinions given to bodies by Internal audit. The table below highlights the number of limited, unacceptable and split opinions across central government.

Table 4: Internal Audit Opinions

Opinion	2024-25	2023-24
Limited	110	119
Unacceptable	1	3
Split opinions	19	19
Total	**130**	**141**

I have noted a reduction in the number of limited, unacceptable or split internal audit opinions during the period of reporting. While this reduction is welcome, there are a couple of common themes across the public sector where limited assurance has been found:

- Contract and Procurement management and payments to contractors; and
- Review of Information services and Cyber Security.

Table 5: Health bodies internal Audit opinions

Opinion	2024-25	2023-24
Limited	32	52
Unacceptable	1	2
Split limited/unacceptable	0	3
Split limited/satisfactory	25	23
Split satisfactory/ unacceptable	1	1
Total	**59**	**81**

The reduction in the in the number of limited internal audit opinions is mainly within the Health Sector and is very welcome. Common themes arising from internal audit reviews in this sector are:

- Management of medical locums and agency staff; and
- Complaints management.

Recommendation 4

It is recommended that Those charged with Governance should ensure their internal audit plans have covered the areas of greatest risk to their organisations and consider if the matters highlighted in this report require Internal Audit assurance.

3. Other Issues highlighted by my auditors in the year to 31 August 2025 in reports to Those Charged with Governance include:

a) Expenditure on Direct Award Contracts

A Direct Award contract (DAC) is a public contract awarded directly to a supplier without a competitive tendering process. MPMNI notes that `Public Sector Organisations should normally acquire goods and services through fair and open competition'. This means that there are limited circumstances in which an organisation can enter into a DAC. The two most common are:

- Where there is only one supplier: for example a software supplier who have intellectual property rights over a system in use within the body and so may be the only supplier able to provide updates, patches etc.
- Urgency: the goods, services or works are strictly necessary for reasons of extreme and unavoidable urgency. This does not cover the scenario of simply not planning ahead sufficiently to allow a proper procurement process to take place.

Whilst the current legislation covering procurement is now the Procurement Act 2023, (which only came into effect in February 2025) and contains changes as to how procurement should be carried out, the rationale for the majority of public sector DACs has not changed and the circumstances for the majority remain quite limited, particularly for bodies who need to demonstrate, `fair and open competition'.

Reports to those Charged with Governance relating to Health Trusts included recommendations relating to the use of DACs.

Table 6: Health Trust DACs 24-25 and 23-24

	Direct Award Contracts			
	2024-25 Number	**Value £m's**	**2023-24 Number**	**Value £m's**
BHSCT	357	254	311	196
WHSCT	55	17	78	15
NHSCT	24	10	49	17
SHSCT	102	36	92	24
SEHSCT	50	12	82	23
Total	**588**	**329**	**612**	**275**

Whilst the total number of DACs has gone down between the two years, from 612 to 588 the value has gone up from £275 million to £329 million or almost 20%. Whilst it is understood that some DACs are required due to the nature of goods and services being procured (such as branded medications) and so are justifiable, my auditors highlighted instances where spending had been incurred prior even to the DAC receiving approval. In one Trust, 20 per cent of the contracts we looked at did not have approval prior to spending taking place; in another only 26% of the 2024-25 DACS had approval in place before expenditure was incurred and in another, of the non-pharmacy DACs (64 in total), 15 were approved after expenditure had taken place. However, as another 19 DACs did not include a start date, the actual number requiring retrospective approval from the DoH or the DoF, is likely to be higher. This body also includes a DAC which had been entered into three times with the same supplier. These DACs all required retrospective approval. This approval will only be given if it can be shown that it would have been approved if applied for at the proper time.

As noted above whilst it is understood there are some areas of expenditure by all public bodies where a DAC is the most appropriate procurement route, this will not always be the case. They are sometimes the result of inadequate planning and contract management. This can result in inefficiencies and poor value for money as the most appropriate procurement route may not be taken due to time pressures which could have been avoided. It also runs the risk of retrospective approval not being granted with the expenditure then being irregular.

Recommendation 5

I recommend both management and those charged with governance ensure they have controls in place and operating so that, when tendering, the most appropriate procurement route is followed.

Recommendation 6

Procedures and processes should also be in place to properly manage contracts thus avoiding DACs being entered into because sufficient time has not been set aside.

b) Authority to incur expendature

Managing Public Money Northern Ireland (MPMNI) sets out how public expenditure is authorised by the Assembly, controlled by the DoF and then once incurred, how it is accounted for. The DoF will agree certain general approvals with Departments before undertaking expenditure or entering any commitments. It has also put in place certain delegated limits. This will normally take the form of a value over which the DoF approval for specific projects or expenditure prior to them going ahead must be obtained. Anything construed as novel in nature for example, might then set a precedent. In turn, Departments will also have a set of delegated limits in place with its ALBs.

It is very important that these approvals are obtained before expenditure is incurred. If an organisation does not it is likely this expenditure will be considered irregular. When this happens departments or ALBs will seek to obtain 'retrospective approval'.

For accounts certified in the period 1 September 2024 to 31 August 2025, I have highlighted in parts one and two a number of serious examples of irregular expenditure which led to accounts being qualified and/or reported on.

My qualified reports above on:

- DfC and the material levels of estimate fraud and error in benefit expenditure;
- Irregular legal aid expenditure incurred by the Legal Services Agency;
- Levels of fraud and error in housing benefit incurred by the NI Housing Executive.

provides details on areas in which the value of actual and estimated fraud and error was so material, I had to qualify my opinion on those financial statements.

My auditors have also raised some further examples with Those Charged with Governance:

- One department identified irregular grant payments of just over £2 million as part of its own spot checks. Whilst it is good that the Department is doing these spot checks, it is concerning that the rate of error has gone up from 0.4% last year to 1.2% this year.
- Similarly, a small NDPB also noted £86k in grant payments through spot checking.
- An arms-length body paid a £750k fine to the Information Commissioner's Office in 2024-25 as they were fined for a data breach. Fines are irregular as the Assembly does not vote money to cover activities which attract a fine. Procedures should be in place to ensure they are avoided.
- Another incurred £50k irregular expenditure as the parent department would not grant retrospective approval in respect of recruiting staff and paying them using an incorrect pay scale.

Recommendation 7

I recommend that Those Charged with Governance ensure staff are aware of the expenditure limits delegated to them and that when either sponsor department and/or DoF approvals are required that they are in place prior to expenditure taking place.

It is important that the time required to do this is built into the planning phase of projects which are of a size that require approval from beyond the Accounting Officer in that particular organisation.

c) Fraud

Managing Public Money Northern Ireland (MPMNI) 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 agencies and NDPBS sponsored by them.

I have noted above areas of fraud and error which have led to qualifications, but these are not the only areas where I noted fraud and error in the financial statements covered by this report. The value of these, however, was not sufficient to impact my audit opinions:

- DoF recorded £4.5 million fraud and error in respect of the Rate Rebate scheme in 2024-25. This is up from £3.68 million in the previous year.
- LPS recorded £4.8 million in the 2023-24 year (this is the last audit covered by this report) for Housing Benefit Rate relief and Rate Rebate which is slightly down on the previous year by £0.1 million.

I maintain 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.

In the period covered by this Report, I received notifications on suspected fraud relating to:

- Staff absent from work due to illness, subsequently found to be working elsewhere.
- Fraudulent claims for overtime, and travel and subsistence expenses.
- False references being provided for posts.
- Staff not reporting overpayments of salary.
- Misappropriation of assets.
- Manipulation of invoicing to circumvent delegated limit controls.
- Not declaring conflicts of interest when involved in awarding of public sector contracts.
- Tenancy Fraud.

Recommendation 8

It is recommended that Those Charged with Governance:

- **Ensure they have a full understanding of where fraud could be perpetrated within their organisation.**
- **Satisfy themselves that robust controls are in place to prevent and detect fraudulent activity.**
- **Put processes in place to be assured that controls are operating as intended and monitor actions being taken.**
- **Ensure an up-to-date fraud strategy and response plan should be in place.**

Recommendation 9

My office published an Internal Fraud Risk Guide in February 2022. The Guide sets out the key fraud risks, red flags and mitigating controls over areas including employment application fraud, theft, misuse of official assets and Data/IT related fraud. It is recommended that Those Charged with Governance and officials consider this guidance to help them identify and manage the areas more at risk of fraud.

d) Other control matters

Other matters raised by my auditors in the year included:

- One NDPB provided funding to voluntary sector bodies and carried out visits to some based on risk assessments. These visits are essentially to ensure the funding received is spent on the services required. This is important as I noted last year some of these voluntary bodies were not spending the funding but rather building up reserves. I recommended that the NDPB strengthen the consequences arising from non-compliance with financial validation visit findings. This year's audit noted a lack progress in this area.
- There were several arms-length bodies with fixed asset registers which did not agree to the figures in the financial statements, and many which contained a lot of assets that had been fully depreciated. Controls over these registers (many of which are on spreadsheets) need to be enhanced.
- One arms-length body had significant controls issues around the raising, authorising and posting of journals. Journals misuse is a significant risk to the manipulation of figures within financial statements.
- The financial statements of a health body included £1.4 million of a write-

off in respect of unused influenza vaccine stock in 2024-25. This was after a similar amount being written off in the previous year. During the year Internal Audit provided limited assurance in relation to the management of vaccines. In addition, part one of this report includes a report on the BSO 2024-25 financial statements which were qualified on the issue of the valuation of stock balances. It is important that health bodies ensure robust controls are in place over effective purchasing.

Recommendation 10

Those charged with governance should ensure that robust controls are in place to address any potential control weaknesses identified by my staff. Policies and procedures underpinning key systems/expenditure streams should be subject to regular review, updated when required and staff should be fully trained in them.

4. Legacy IT Systems which are no longer supported

As part of our 2024–25 audit work, we reviewed databases, operating systems, and IT applications used in the preparation of financial statements to understand the level of manufacturer support which was held.

Manufacturer support for these systems typically falls into two categories:

- Mainstream Support: Usually in place for the first 5 years of a product's life, providing new releases, updates, service packs, builds, fixes, and patches, enhancing a product's security and reliability and addressing vulnerabilities or issues.
- Extended Support: This phase of support typically still provides security and reliability updates and bug fixes, however non-security updates, new features or design changes are not usually provided without additional payment to the manufacturer. In many cases extended security updates must be purchased.

We noted that over half of the organisations reviewed in our sample use at least one database or operating system that is no longer under mainstream support. Furthermore, 3 organisations included in our review were utilising a database or operating system which was beyond extended support.

Recommendation 11

Unsupported systems are often the first entry point for ransomware attacks and data breaches as known vulnerabilities can be exploited by hackers. I recommend organisations maintain an inventory of all databases and operating systems, monitor support status, and plan upgrades or system migrations ahead of time to avoid manufacturer support reaching inadequate levels.

5. Board Composition

DOF's Corporate governance in central departments: Code of Good practice NI, states,

> Good Corporate Governance is fundamental to any effective and well managed organisation – be it private or public sector – and is the hallmark of any corporate entity that is run accountably and with the long-term interests clearly in mind.

One of the ways the above is achieved is for departments and their arms-length bodies having properly constituted boards in place. In the audits certified in the year covered by this Report I noted a few instances when this did not happen.

- In one ALB the post of Chair had been vacant since March 2022 and by June 2025, all non-executive members had been in post since either 2013 or 2015.
- Another did not have a board at all from April 2023 until June 2024. This complete absence meant that the 22-23 and 23-24 audits could not be concluded until a new board had been appointed.
- In a third the size and composition of the Board was no longer commensurate with the size and activities of the organisation. I understand that discussions are ongoing between the sponsor department and the arms-length body concerned.

The purpose of the Board is to help the organisation through providing advice, constructive challenge and supporting the executive members in directing the activities of the organisation in the most effective way possible. This is made more difficult if members are not in place in sufficient numbers or, indeed, are there for too long as it becomes difficult to retain a level of independence and objectivity.

Recommendation 12

I recommend that those charged with governance review both the NI Corporate governance guidance linked above and my own good practice guide on board effectiveness. This includes guidance on how the board can evaluate its own effectiveness to ensure it is operating appropriately.

Recommendation 13

Departments who are responsible for Arm's Length Bodies should ensure procedures are in place to monitor board composition and ensure suitable timescales for board member recruitment, training and induction are in place.

6. Increase in Special payments

Special payments are payments made outside the normal range of departmental activity and cover a broad range of circumstances.

As noted in MPMNI:

> A4.13.1 In voting money or passing specific legislation, the Assembly does not and cannot approve special payments outside the normal range of departmental activity. Such transactions are therefore subject to greater control than other payments.

An extract from Managing Public Money NI showing the categories and a description of each type of payment has been included at Appendix 2.

There has been a significant increase in both the number of special payments and the cost associated with these payments in the reporting period. The total included in departmental resource accounts over the last two years is:

Table 7: Special Payments

	2024-25	2023-24	% increase
Number	2,983	2,770	7.7
Value £m	94.5	72.0	31.3

N.B Not all 2024-25 resource accounts were certified by 31 August 2025. The 2023-24 figures include only those which also had 2024-25 accounts certified.

On closer examination the majority of the payments, both in number and value, are made by two departments and/ or their arms-length bodies: the DoH (specifically Trusts) and the DoJ.

Table 8: Special Payments: Trusts and DoJ

	Trusts			DOJ		
	2024-25	2023-24	% change	2024-25	2023-24	% change
Number	1,157	1,023	13	1,566	1,524	2.8
Value £m	71.5	48.6	47.1	20.3	21.1	(3.8)

Of the special payments made by Trusts during 2024-25 £41.3 million related to payments which were, individually, over £300K (2023-24 £18.3 million). Of those, £38.8 million were for clinical negligence. This is an increase from 2023-24 when £18.3 million was spent on clinical negligence special payments, an increase of £20.6 million or 112%.

The special payments made by the DoJ are mainly to do with compensation schemes for those who are the victims of crime. Out of the above, 70% of the cases and 57% of the value were accounted for in this way in 24-25.

Recommendation 14

I recommend that those charged with governance satisfy themselves that effective procedures for appraising and approving special payments are in place within their organisation. This includes any follow up actions by the organisation, where a special payment has highlighted controls issues or issues with governance arrangements. Those charged with Governance should be comfortable that they understand why special payments were made, what is being done to prevent them recurring and be content that this is sufficient.

Recommendation 15

Those charged with governance should also investigate the reason for any increase in the amount or costs of special payments made in the financial year. Where trends or lessons to be learned are identified, senior management should ensure additional controls/procedures are implemented in those areas.

7. Raising concerns

Effective arrangements for raising concerns are an important element of good governance arrangements and are essential for helping to bring to light matters of concern in an organisation.

In June 2020, I published Raising Concerns: A Good Practice Guide for the Northern Ireland Public Sector. This guide is aimed at helping employees and public sector organisations to understand the value of an open and honest reporting culture, where concerns can be raised and dealt with effectively as part of normal business. I intend to publish a revised and updated guide in early 2026.

Public sector employees, contractors, members of the public or other third parties can raise concerns about the use of taxpayers' money with the Comptroller and Auditor General. Concerns can be raised about the:

- The proper conduct of public business,
- Value for money; and
- Fraud and corruption.

In the period 1 September 2024 to 31 August 2025, there were 12 concerns raised with my office, compared to 15 concerns raised in the period 1 September 2023 to 31 August 2024.

Further information on the remit of my office with respect to raising concerns can be found at the following link: Fraud and Raising Concerns | Northern Ireland Audit Office

Protect (formerly known as Public Concern at Work) is the UK's leading

Whistleblowing charity. They provide a free confidential advice line to support thousands of Whistleblowers each year who have seen malpractice, risk or wrongdoing in the workplace. They also work with organisations supporting, advising and training teams on improving their speak up arrangements. Further information on the work of Protect can be found at their website. Protect - Speak up stop harm - Whistleblowing Homepage

Recommendation 16

Those charged with governance should ensure that there are appropriate arrangements in place within their organisation for raising concerns, including the existence of a Raising Concerns policy. This policy should detail sources of support for those who wish to raise a concern.

8. Encompass – HSC performance information

Key HSC performance information which was previously routinely generated has been heavily caveated since Encompass went live.

In recent years, the DoH has undertaken significant work to implement the Encompass programme. Encompass involves developing a single, real time and up-to date digital care record for every patient in Northern Ireland which is accessible to all HSC primary and secondary care staff and patients. It is the largest digital health initiative ever undertaken in this jurisdiction. The roll out of Encompass across all Trusts was completed in May 2025.

I reported on the Encompass programme in my report Major IT projects in Northern Ireland in July 2025. At that time the latest available estimate of full programme costs was £1.93 billion.

In the 2024-25 annual report and accounts, the DoH and Trusts highlighted issues with availability of data following the implementation of Encompass. Key performance data which was previously routinely available has been heavily caveated as ‘provisional official statistics in development’. This includes information on the number of people waiting for outpatient assessment, inpatient care, diagnostic tests, waiting times, and performance against the three key HSC cancer care waiting time standards.

Until Northern Ireland Statistics and Research Agency has been able to complete the required checks on data quality, any statistics which are published from Encompass, will be caveated and there is uncertainty over how long this might continue.

It is disappointing that, given the substantial costs incurred in the implementation of this programme, issues regarding the availability of data continue to persist. I will continue to keep this in view and highlight issues with the quality and availability of data in future audits.

Recommendation 17

The Department of Health should ensure that robust plans are in place to address ongoing issues regarding the quality, completeness and availability of key performance data following the roll out of Encompass.

9. Sustainability

The Climate Change Act (NI) 2022 was

> `enacted to set targets for the years 2050, 2040 and 2030 for the reduction of greenhouse gas emissions; to provide for a system for carbon budgeting and to provide for reporting and statements against those targets and budgets.'

DAERA has published sustainability reporting guidance for the reporting year 2024-25. This includes 18 different areas which Departments may report on in their financial statements. Currently there is no mandatory proforma for reporting. I have considered all certified departmental accounts for the year 2024-25 and reviewed compliance with DAERA's sustainability reporting guidance The guidance is re-produced in annex 2, together with my assessment of departments' reporting against the 18 areas. Overall, it is a bit of a mixed picture. Some areas are well reported on but others require more development.

DAERA intend to further develop Sustainability Reporting Guidance through cross departmental working and issue an update to departments in early 2026 for inclusion in the 2025-26 Annual Report and Accounts.

HM Treasury is mandating Sustainability Reporting in some central government bodies in England, in line with Taskforce on Climate-related Financial Disclosure (TCFD) guidance. While DAERA sustainability reporting guidance is not mandatory for central government bodies in Northern Ireland, the development of UK and International Sustainability Reporting Standards indicates that this topic may require more detailed disclosure in future years.

Recommendation 18

I recommend that Departments include as many elements as possible of the DAERA guidance in their annual report and accounts. I also recommend that Departments investigate methods and processes to obtain environmental data as detailed in TCFD guidance, in anticipation of the requirement for more detailed disclosures of metrics in future years.

Appendices

Appendix 1: Extract on Ministerial Directions from Managing Public Money NI

3.5.1 The Accounting Officer cannot accept the Minister's aims or policy without examination. Each departmental Accounting Officer should take care to bring to the attention of their Minister(s) any conflict between the Minister's instructions and their duties as set out in this Chapter. Examples of concerns where this procedure is appropriate are in Box 3.2 but the ultimate judgement must lie with the Accounting Officer personally. The acid test is whether the Accounting Officer could justify the proposed activity if asked to defend it.

Box 3.2: When Accounting Officers should seek a direction

- **Regularity**: if a proposal is outside the legal powers, Assembly authority, or DoF delegations; or incompatible with the agreed spending budgets.
- **Propriety**: if a proposal would breach Assembly control procedures or expectations.
- **Value for money**: if an alternative proposal, or doing nothing, would deliver better value, e.g. a cheaper, higher quality or more effective outcome for the public sector as a whole.
- **Feasibility**: where there is a significant doubt about whether the proposal can be implemented accurately, sustainably and to the intended timetable.

Appendix 2: Special Payments Extract from Managing Public Money Northern Ireland

Box A4.13A: Special payments

- **extra-contractual payments**: payments which, though not legally due under contract, appear to place an obligation on a public sector organisation which the courts might uphold. Typically these arise from the organisation's action or inaction in relation to a contract. Payments may be extra-contractual even where there is some doubt about the organisation's liability to pay, e.g. where the contract provides for arbitration but a settlement is reached without it. (A payment made as a result of an arbitration award is contractual.)
- **extra-statutory and extra-regulatory payments** are within the broad intention of the statute or regulation, respectively, but go beyond a strict interpretation of its terms.
- **compensation payments** are made to provide redress for personal injuries (except for payments under the Civil Service Injury Benefits Scheme (Northern Ireland) 2003), traffic accidents, damage to property etc, suffered by civil servants or others. They include other payments to those in the public service outside statutory schemes or outside contracts.
- **special severance payments** are paid to employees, contractors and others outside of normal statutory or contractual requirements when leaving employment in public service whether they resign, are dismissed or reach an agreed termination of contract.
- **ex gratia payments** go beyond statutory cover, legal liability, or administrative rules, including:
  - payments made to meet hardship caused by official failure or delay
  - out of court settlements to avoid legal action on grounds of official inadequacy
- **payments to contractors outside a binding contract**, e.g. on grounds of hardship.

Appendix 3: Review of Sustainability Disclosures

Sustainability Reporting in Central Government bodies

In June 2022 the Climate Change Act (Northern Ireland) came into force. This detailed piece of legislation included many targets such as Net Zero by 2050, the establishment of a Climate Commissioner and carbon budgeting. For the first time sustainability reporting in the public sector became required by law.

Sustainability reporting frameworks have been in a constant evolution over the past decade but in terms of accessibility the TaskForce for Climate Related Disclosures (TCFD) and its subsequent adoption by the International Sustainability Standards Board (ISSB) into the International Financial Reporting Standards (IFRS) S1 and S2 has established itself as one of the more straightforward to implement.

In terms of reporting in Northern Ireland the main focus has been on carbon budget interim reports as required by the Climate Change Act. Currently, DAERA have launched an open consultation on the setting of Northern Ireland's Fourth Carbon Budget for the period 2038 to 2042.

Sustainability Reporting Guidance

Current sustainability guidance in the UK is issued by HM Treasury. The main document being the 'Sustainability Reporting Guidance' which is updated annually.

Additionally, FReM has a chapter on Sustainability Reporting which makes it mandatory for Departments of a certain size to adopt TCFD as their sustainability reporting mechanism. However, spending bodies accountable to the Northern Ireland Assembly report on the framework established in the Programme for Government and guidance issued by DAERA.

Methodology

DAERA's sustainability reporting guidance is not mandatory and instead lists elements which will be required in the future such as gathering data to produce scope 1, scope 2 and limited scope 3 emissions figures.

In the 2024-25 sustainability reporting guidance DAERA produced 18 suggested actions which could be applied to the sustainability section of the annual report and accounts but, as noted above, are not mandatory. I note that DAERA are further developing the Sustainability Reporting Guidance with the aim of issuing an update to departments early in 2026 for inclusion in the 2025-26 Annual report and accounts.

Findings

NIAO have reviewed all the Departments sustainability sections in their annual report and accounts against DAERA guidance.

We have detailed a summary of our findings against each of the suggested actions below:

1. **Work to establish a carbon baseline, scope 1 (direct) and scope 2 (energy indirect)** – Most departments mentioned that a carbon baseline is something they are working towards. However, finer detail on how this was being produced was not included (including specific references to Scope 1 and Scope 2 emissions) and in one instance no mention was made of working towards a carbon baseline at all.

2. **Work to establish a carbon baseline for scope 3 emissions relating to official business travel directly paid for by an organisation to include domestic and international travel** – Again, most departments mentioned carbon baselines but did not provide any specific detail on Scope 3 emissions or how these would be measured.

3. **Work to develop a Climate Action or Sustainability plan for the organisation –** This action was well addressed by departments. As noted above, the Climate Change Act came into force in 2022 and required the executive to prepare and publish a climate action plan. Most departments have disclosed their involvement in this process and progress made during the year.

4. **Actions which reduce emissions to mitigate climate change** – Most departments mentioned that reductions in emissions were planned and expected as a result of actions set out in the Climate Action plan. However, finer detail on actions to reduce emissions was not provided.

5. **Actions which demonstrate adaptation to the impacts of climate change –** As noted above, most departments mentioned the Climate Action plan (which will include adaptations required) but did not provide detail.

6. **Identification of areas of poor sustainability which require improvement and actions to address them –** This was not well addressed by the majority of Departments. **Departments should undertake a review to identify areas of their organisation (and ALB's) where sustainability measures could be strengthened and disclose this in their Resource accounts**.

7. **Sustainability reviews or pilots undertaken –** Some departments provided very good examples of innovative pilots to reduce emissions. In 2024-25, the NI Prison Service (NIPS) and the PSNI participated in a Department of Finance (DoF)-led Pilot of Hydrogen Fuel. Results from this pilot will inform further decisions regarding fleet replacement by both organisations.

8. **Actions taken to move to a low/zero emission fleet and reporting on directly owned or leased fleet emissions –** Where appropriate, departments provided good examples of their efforts to move towards a low/zero emission fleet. For example, DOJ detailed a pilot undertaken by the Northern Ireland Prison Service (NIPS), whereby some prison vehicles were fuelled by Hydro-Treated Vegetable Oil (HVO) which offers a 90% reduction in vehicles CO2 emissions. Following the successful completion of the trial a decision has been taken to continue to operate some prison escort vehicles using this eco fuel.

9. **Actions to meet sustainability commitments set out in the environmental improvement plan** – The majority of departments did not make reference to the Environmental Improvement plan (EIP) for Northern Ireland. The EIP was published in September 2024. **Those Charged with Governance should review the EIP and disclose in their annual report and accounts, actions that the department is taking to contribute towards delivery of the targets set out in this document**.

10. **Actions to minimise waste and promote resource efficiency** – Most departments made reference to local waste and recycling arrangements within their organisation. **Departments should consider if they can seek data from their waste disposal providers (percentage of waste recycled, percentage of waste incinerated, percentage of waste to landfill, etc) and disclose this data within the Resource accounts on an annual basis**.

11. **Report on single use plastic reduction action plan** – Most departments made reference to the overarching plans for phasing out single plastic use (detailed in the Environmental improvement Plan) but did not include detailed plans specific to the department.

12. **Actions taken to reduce energy use/improve energy efficiency/increase renewable energy use** – Several departments disclosed their efforts to reduce energy use. There are numerous examples across the NICS of implementation of renewable energy within the estate. DOH noted in its annual report that it promoted an Invest to save Scheme run by the Strategic Investment Board for energy reduction and renewable energy projects. In total, DOH ALBS were granted £15m funding during 2024-25 for a range of projects, including LED replacement lighting, fabric and insulation upgrades, automatic metering and renewable solar energy.

13. **Actions taken to reduce water use** – Several departments did not mention water usage at all. However, for the departments that did mention water usage, it was very well disclosed. For example, DOJ noted that PSNI has in place a Water Efficiency plan, which in 2024-25 identified and resolved significant leaks on its estate.

14. **Gather and report upon trend data in relation to energy metrics, recycling, water usage and waste to landfill** – Departments provided data for some aspects (e.g energy) but nothing in relation to other metrics. Additionally, data was presented in narrative formats as opposed to providing tabular formats with additional analysis which would have been easier to see what had been done. **Departments should identify the data needed for complete sustainability reporting and regularly report this data to those charged with governance, with a view to providing total data in the resource accounts on an annual basis**.

15. **Reduce the environmental impacts from ICT and digital** – I recognise that most departments will use DOF IT Assist as a shared service. **However, departments should disclose their recycling and refresh arrangements with IT assist as part of their sustainability reporting**.

16. **Actions which embed sustainability into procurement practices** – Most departments addressed this aspect within their Annual Report, noting that Social Value is considered and measured as part the procurement process.

17. **Example of carbon offsetting e.g. nature-based solutions;** Carbon offsetting is the process of compensating for greenhouse gas emissions by funding projects that remove or prevent the release of an equivalent amount of greenhouse gases elsewhere. This was not mentioned by any departments. As sustainability reporting embeds into public sector financial reporting in the future, organisations may find that they are unable to reduce emissions any further. Carbon Offsetting therefore, may be more prevalent in financial reporting in future years. Carbon Offsetting is generally considered to be a last resort in terms of reducing emissions, with potentially significant financial cost attached. **Those Charged with Governance should consider their appetite for carbon offsetting schemes and ensure this is documented in relevant policies**.

18. **Actions which result in improvements to biodiversity (within the managed estate) and detail of associated biodiversity/nature action plans** – Several departments mentioned their efforts to increase biodiversity on their estate. NIPS for example have produced Biodiversity action plans for each prison site.

NIAO Reports:
2025

NIAO Reports 2025

Title	Date Published
Ambulance Handovers	11 March 2025
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Health and Social Care Imaging Services	31 March 2025
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PSNI Fleet Management	08 April 2025
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