



Northern Ireland Audit Office

# **Annual Report and Accounts 2012-2013**



**Northern Ireland Audit Office Resource Accounts  
For the year ended 31 March 2013**

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

on

5 July 2013

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This publication is also available to download from our website at [www.niauditoffice.gov.uk](http://www.niauditoffice.gov.uk).

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# About the NIAO

## Our role

The Northern Ireland Audit Office (NIAO or Office) seeks to hold public bodies to account for the way they use public money. We provide objective information, advice and assurance on how public funds have been used and encourage high standards in financial management, good governance and propriety in the conduct of public business.

Our purpose is to promote better use of public money through independent professional scrutiny, underpinned by our commitment to integrity, equality, openness and innovation, to make a difference for the people of Northern Ireland.

## Our independence

The head of the NIAO, the Comptroller and Auditor General, is an Officer of the Northern Ireland Assembly (the Assembly) and a Crown appointment made on the nomination of the Assembly. Under the Audit (Northern Ireland) Order 1987, the holder of the office is a Corporation Sole, and responsible for the appointment of NIAO staff. The Comptroller and Auditor General and the NIAO are totally independent of government.

## Our strategic aims

Our primary focus is the delivery of our core audit activities. In addition, we have identified three areas where we can add considerable value to the Northern Ireland Public Sector:

- encouraging further improvement in financial management;
- promoting the proper conduct of public business; and
- promoting improvement in the efficiency and quality of services provided to the taxpayer.

## Our budget

The Audit Committee of the Assembly scrutinises our performance, and examines our budget proposals. The Comptroller and Auditor General and the Assembly Audit Committee agree the annual Estimate and the Committee lays it before the Assembly for approval.

## Our work

Our audit remit covers both the central and local government sectors in Northern Ireland. The Comptroller and Auditor General is responsible for the external audit of central government bodies, reporting the results of his work to the Assembly. The audit of local government bodies is the responsibility of the Chief Local Government Auditor, a member of NIAO staff designated by the Department of the Environment, with the consent of the Comptroller and Auditor General. The results of this work are reported to the Department of the Environment.

We have five dimensions to our work as shown below:

<b>Financial Audit</b>	Forming an opinion on published accounts; assessing whether expenditure is regular and in accordance with the intention of the Assembly when it granted the money; and providing assurance on the Accounting Officers' Governance Statement.
<b>Value for Money Audit</b>	Independently examining and reporting to the Assembly on whether public bodies spend taxpayers' money economically, efficiently and effectively.
<b>Governance and Fraud Prevention</b>	Providing audited bodies with constructive advice to help them improve their corporate governance, financial control and risk management arrangements, and assisting in the prevention and detection of fraud by conducting and reporting on data matching exercises.
<b>Support to the Northern Ireland Assembly and the public</b>	Working closely with the Assembly's Public Accounts Committee on evidence sessions based on our reports; providing support to Departmental committees; and responding to enquiries from elected representatives and disclosures from members of the public.
<b>Comptroller Function</b>	Authorising the issue of public funds from the Consolidated Fund for Northern Ireland.



# Our Work

## Financial Audit

Financial audit work undertaken by the Office comprises the audit of central and local government body accounts.

### Central Government

The Comptroller and Audit General has 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 limited by guarantee incorporated under the Companies Act, and to report the results to the Assembly.

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, have been prepared in accordance with the relevant accounting requirements and that the transactions underlying the financial statements are in line with the intentions of the Assembly and other authorities.

In 2012-13 we certified 160 central government accounts, compared with 179 in 2011-12. The latter included a number of longstanding backlog audits. We also issued two general reports on the results of our financial audit work.

If during an audit we consider that the accounts do not present a true and fair view, or that expenditure and income have not been incurred in line with Assembly intentions, then the Comptroller and Audit General will qualify his opinion on the accounts. Of the 160 central government accounts certified in 2012-13, 21 were qualified (2011-12: 35 accounts qualified). In these cases, and in other cases where there are significant issues arising, we make a report to the Assembly which can be considered by the Public Accounts Committee (PAC).

We inform the organisations we audit of the issues we find during our work, giving our independent view on areas where the audited body could improve its governance, controls and financial management.

In addition to our core financial audit work, we accepted an invitation from the Department of Agriculture and Rural Development (DARD) to complete an audit under a draft European Guideline, examining the legality and regularity of payments made to farmers in accordance with the Single Farm Payment Scheme. This audit involved the re-performance of a sample of claims through to payment including re-inspections of field parcels. We reported our findings to the European Union (EU) Commission in August 2012 and await the Commission's response to this audit. DARD has requested the completion of this audit for another scheme year and this is currently ongoing. As this is currently a draft guideline few member states have undertaken the process so DARD and NIAO are at the forefront of developments in this important area of assurance over EU funding.

## Local Government

The Department of the Environment, with the consent of the Comptroller and Audit General, designates staff of the Office as local government auditors, who are responsible for the audit of local government bodies (the 26 District Councils, Joint Committees, the Local Government Staff Commission and the Northern Ireland Local Government Officers' Superannuation Committee). The Assistant Auditor General of the Financial Audit Division is currently designated as Chief Local Government Auditor.

Fees are collected for local government audit work on accounts, grant claims and district policing partnerships on a full cost recovery basis.

During 2012-13, we completed the audits of 45 local government accounts (2011-12: 46) and prepared a report "The exercise by local government auditors of their functions – In the year to 31 March 2012". The report examined a number of topics including absenteeism, prompt payment and good governance in local councils. The Chief Local Government Auditor recently briefed the Assembly's Environment Committee on the contents of the report.

## Value for Money

Our value for money work is informed by a careful analysis of the audit field. We select a balanced programme of studies which aims to:

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

Our value for money studies focus on specific areas of government expenditure, and seek to make a judgement on how well government has managed its resources and delivered services.

In 2012-13, we published 11 VFM reports (2011-12: 10 VFM reports). These covered a wide range of topics across the Northern Ireland public sector in areas such as health, education, regional development, justice and culture. In these reports, we sought to measure performance; identify the factors underlying that performance; and offer practical recommendations aimed at adding value. For example:

- we reviewed seven major capital projects funded by the Department of Culture, Arts and Leisure. We found that most of the construction work did not go according to plan, with delays and cost overruns resulting in all seven projects needing additional funding. Our report therefore called for attention to be focussed on key areas identified as the source of cost and time overruns. These were changes to the scope and specification of projects; construction cost inflation; and unclear project scope, objectives and benefits;

- our work on improving literacy and numeracy achievement in schools recognised that levels were slowly improving. However we considered that our education system needed to do more to address underachievement. We advocated the need to build on the experience of successful schools in areas such as leadership, targeted support for under-achievers and partnerships between communities and the education services;
- our review of an investigation in the Department for Regional Development into a whistleblowing complaint identified a number of lessons to be learned. These include the need for investigations to be well planned, for allegations to be addressed in a prompt and timely manner and for active engagement with whistleblowers to manage their expectations;
- we reported on the safety of services provided by Health and Social Care Trusts. While noting that in the past five years the Department of Health, Social Services and Public Safety had paid out £116 million in compensation and legal fees to settle claims for clinical and social care negligence, we recognised the true cost of adverse incidents remains unknown because the treatment costs of remedying the harm caused to patients or clients are not routinely measured. We noted that more needs to be done to encourage the reporting of adverse incidents or near misses as a mechanism for learning lessons and driving improvements;
- we examined the use of agency staff by the Police Service of Northern Ireland (PSNI). PSNI had spent £106 million on agency staff since 2004 and we noted that the way in which it had gone about procuring, appointing and managing temporary staff had not always met the high standards of governance and accountability expected of public bodies. This report was subsequently the basis of a PAC evidence session and the committee will report with its own recommendations in due course; and
- our report on the Northern Ireland Housing Executive's (NIHE) management of response maintenance contracts found serious weaknesses. Poor oversight of contracts left NIHE exposed to the risks of impropriety and fraud; poor contractor performance was not robustly challenged; and overpayments were identified but the action to address these was inadequate. We made a number of recommendations to improve the annual inspection programme, revise governance arrangements, enhance whistleblowing procedures and evaluate the performance of contractors.

We present our value for money reports to the Assembly and the majority of these are considered by PAC at hearings in which it takes evidence from the senior departmental officials involved. During 2012-13, PAC held sessions on seven of our VFM reports, in addition to sessions on two financial audit reports.

Following consideration of the evidence, PAC publishes its own report and recommendations to the Assembly. The Executive is then required to respond to these recommendations, specifying the action the audited body intends to take in response. We monitor the action taken and may revisit the issue where we consider that insufficient progress has been made.

## Major Reports

Between April 2012 and March 2013 we published the following reports, copies of which can be obtained from our website at [www.niauditoffice.gov.uk](http://www.niauditoffice.gov.uk):

<b>Central Government Reports</b>	<b>Date published</b>
The National Fraud Initiative: Northern Ireland	26 June 2012
NIHE Management of Response Maintenance Contracts	4 September 2012
Department of Finance and Personnel - Collaborative Procurement and Aggregated Demand	25 September 2012
The Police Service of Northern Ireland: Use of Agency Staff	3 October 2012
The Safety of Services Provided by Health and Social Care Trusts	23 October 2012
Financial Auditing and Reporting 2012	6 November 2012
Property Asset Management in Central Government	13 November 2012
Review of the Efficiency Delivery Programme	11 December 2012
Department for Regional Development: Review of an Investigation of a Whistleblower Complaint	12 February 2013
Improving Literacy and Numeracy Achievement in Schools	19 February 2013
General Report on the Health and Social Care Sector by the Comptroller and Auditor General for Northern Ireland – 2012	5 March 2013
Northern Ireland Water's Response to a Suspected Fraud	12 March 2013
Department of Culture, Arts and Leisure: Management of Major Capital Works	22 March 2013

### **Local Government Audit Reports**

The exercise by local government auditors of their functions in the year to 31 March 2012	19 December 2012
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### Governance and Fraud Prevention

The Office works closely with audited bodies to promote good practice in governance arrangements and help combat fraud. It is our view that good governance structures which are well embedded in organisations are a key attribute to achieving corporate goals and are crucial in times of financial constraint. During this financial year we attended audit committees for all our audited bodies, providing support, advice and guidance to both non-executives and senior staff in these organisations. We continue to work with bodies to further enhance their governance arrangements. In particular, we promoted the appointment of independent audit committee members to provide challenge and specialist knowledge, where required. There is evidence in both central and local government of the improved performance of committees where such appointments have been made.

We also continued to be involved in providing training to both staff and non-executives through programmes developed by the Chief Executives' Forum. These programmes focussed on accountability and were aimed at a number of different groups including Accounting Officers, Senior Managers, Board Members and Audit Committee Members. In 2012-13 we continued to promote our "Good Practice in Risk Management" guide which we published in June 2011. We made a significant number of presentations on risk management to public sector audit committees and boards. We believe the impact of this work has been a revitalisation of risk management processes and in particular the embedding of these processes. Our continued promotion of risk management was also demonstrated in collaboration with other bodies including the Institute of Directors and the Chief Executives' Forum which resulted in a number of short, focussed seminars on aspects of risk management. These seminars were well attended by representatives from both the private and public sector and contributed to a greater appreciation of the challenges faced by both sectors and indeed similarities between both.

The Office has an important role to play in supporting public sector bodies in combating fraud. At a time when public services are facing unprecedented budgetary pressures, it is of particular importance that public bodies continue to use every means at their disposal to prevent and detect misuse of public funds. In our promotion of better use of public money the Office maintains a small counter fraud unit which reviews and monitors the arrangements in departments for the prevention, detection, investigation and reporting of fraud.

A key focus for us in recent years has been proactively preventing and detecting potential frauds through data matching. Data matching involves comparing pieces of data or information held by one body against the other records held by the same or another body. This allows potentially fraudulent claims and payments to be identified for investigation.

Since 2008 we have undertaken two major data matching exercises as part of the National Fraud Initiative (NFI), a UK wide initiative to combat fraud and error. In total these exercises have saved £25 million in Northern Ireland. Our most recent report on NFI was published in June 2012. The third NFI exercise was launched in 2012-13 and we are confident that it will again generate significant savings. We encourage public sector bodies to embed NFI into their core business and make it an intrinsic part of their counter fraud strategies, and continue to explore ways of developing NFI further through the inclusion of additional public sector bodies and new data matches. We are currently conducting several pilot exercises.

## Support to the Northern Ireland Assembly and the public

We provide independent support to the Assembly so that it can hold government to account for its financial management and the value for money it provides to the taxpayer for the public funds it spends. Our main engagement is through the support we provide to PAC. In addition, we have opportunities to offer the perspectives of public sector audit to the wider Assembly. For example, during 2012-13, we attended the Committee of Finance and Personnel (CFP) to provide briefing on our report 'Review of the Efficiency Delivery Programme' which had been initiated following a CFP meeting attended by the Comptroller and Auditor General. Our report identified that, for around two thirds of the projects we examined, we could give no assurance that genuine efficiency savings had been made.

We also pursue concerns raised with us by elected representatives or members of the public. In 2012-13, elected representatives raised 23 separate cases, all of which we have followed up (2011-12: 23 cases). Some remain under investigation.

In 2012-13, 68 disclosures were received about the use of public money from whistleblowers (2011-12: 39 cases). All approaches are encouraged, dealt with professionally and treated in confidence.

## Comptroller Function

The Comptroller and Auditor General authorises the issue of public funds by the Department of Finance and Personnel from the Northern Ireland Consolidated Fund (NICF) to government departments and others. The NICF is the account into which payments and receipts to the Assembly flow. These include Block Grant, local revenues and other non-tax receipts. All payments out of the NICF must have legislative authority and must be made in accordance with the provisions of the Government Resources and Accounts Act (Northern Ireland) 2001.

## Our Performance

We have a responsibility to provide value for money on the services we provide to our stakeholders. One way in which we do this is by identifying the quantifiable financial impact of our work. In doing so, we recognise our measurement of impact will only present a partial picture as it is hard to quantify the deterrent effect of public audit in contributing to improved public services.

During 2012-13 quantified financial impacts of £33.7 million were achieved as a result of work of the Office and PAC (2011-12: £26.7 million). This figure has been independently validated by the Office's external auditor and represents over four times the net resource outturn of the Office (2011-12: over three times).

The following examples demonstrate the financial impact and/or the wider qualitative impacts such as service improvements, better programme and resource management or better outcomes for users of public services achieved during 2012-13.

### **The Management of Substitution Cover for Teachers: Follow up report**

Our follow up report published in 2010 examined how substitution cover for teachers was managed by schools since our previous report in 2002.

The subsequent PAC report published in January 2011 recommended that a flat-rate for all substitution cover should be established, based on salary levels applicable to newly qualified teachers. The Department of Education for Northern Ireland introduced a flat-rate of pay for prematurely retired teachers from 1 September 2011. This, along with complementary amendments to the Common Funding Scheme, resulted in a £3.7 million saving in substitution costs for 2012-13 compared with costs in 2009-10.

Among a range of other issues, the report also noted that despite previous concerns, prematurely-retired teachers were still used to a significant degree to cover for teachers who were unavailable to teach, for example, due to illness. Prematurely-retired teachers are not only expensive as substitute teachers but using them as cover limits the opportunities for newly qualified teachers. As a result of a range of actions taken by the Department in response to the subsequent PAC report, including reinforced guidance, increased monitoring and challenge, there has been a significant decrease in the number of substitution days worked by prematurely-retired teachers – dropping from 12.4 per cent in 2009-10 to 6.0 per cent in 2011-12.

### **Control of Bovine Tuberculosis in Northern Ireland**

Following our March 2009 report on the Control of Bovine Tuberculosis in Northern Ireland, DARD successfully implemented a number of our recommendations. This included securing the European Commission's approval of Northern Ireland's 2010 and 2011 Tuberculosis Eradication Plans, thereby securing access to £4.6 million of the €50 million co-funding allocated to the UK. The impact of our work in helping to access this co-funding is valued at £2.3 million to the end of 2012-13.

### **Addressing Bureaucracy in Government funding to the Voluntary and Community Sector**

Our September 2010 report on Creating Effective Partnerships between Government and the Voluntary and Community sector, and the subsequent PAC report in January 2012, highlighted the need for public bodies to avoid unnecessary bureaucracy in all aspects of the funding relationship with the voluntary and community sector. The reports found that excessive levels of bureaucracy led to unnecessary costs for both the funder and the funded bodies and reduce the impact of funding provided.

The Department for Social Development has acknowledged that one of the key issues arising from the reports was the need to address the issue of bureaucracy. Although disproportionate bureaucracy has been seen as an issue for some time, the publication of the PAC report created a fresh impetus to tackle the problem.

In March 2012, the Department established a cross-Departmental project on 'Addressing Bureaucracy'. The Department of Finance and Personnel, NIAO and the voluntary and community sector have been represented in key roles on the project steering group and project board. The project was completed in April 2013 and work is underway to put in place a project framework to take forward the recommendations. This provides a sound basis to reduce bureaucracy whilst also ensuring that appropriate governance arrangements are in place.

### **Recovery of Social Security Agency Debt**

Over a number of years we have made several recommendations to help the Social Security Agency in its aim of increasing the recovery of debt balances. The Agency has undertaken a range of initiatives which have included the implementation of our recommendations, by setting increasingly challenging recovery targets and reducing the level of debt that was not in active recovery. These initiatives have resulted in the Agency achieving a significant increase in the recovery of benefit overpayments. The impact of our work in helping to achieve these savings has resulted in £2.12 million of additional debt recovered up to the end of 2012-13.



In addition to measuring the financial impact of our audit work, we have a number of key performance measures to assist in demonstrating our productivity, quality of work and achievements in reducing costs. Performance achieved in 2012-13 against these key measures is as follows:

Measure	Target	Performance achieved in 2012-13
Efficiency improvement in financial audits	1.5 per cent	An efficiency improvement of 3.3 per cent was achieved in respect of financial audits.
Accounts audited within seven months of the year end	70 per cent	The accounts of 75 per cent of audited bodies were certified within seven months of their year end.
Accounts audited within twelve months of the year end	85 per cent	Ninety five per cent of accounts were certified within twelve months of the audited bodies' year end.
Confirmation of compliance with financial auditing standards	Yes	We monitor our quality control procedures to ensure our continued compliance with International Standard on Quality Control 1. Our procedures include performing 'cold reviews' of our financial audit work. In the period, a review of ten accounts was completed by teams independent of the audit team, including teams from the other UK public audit agencies. The financial audits sampled were found to be compliant with required standards, with the exception of one audit where there were concerns that there was not enough evidence to support a fully International Standard on Auditing (ISA) compliant audit.
Value for money studies completed	11	Eleven VFM reports were published.
Average quality control review score by panel rating value for money reports on a scale of 1 (poor) to 5 (excellent)	At least 3	The average quality review score for reports published was 3.9.
Efficiency improvement in value for money studies	1.5 per cent	The average cost of a value for money study increased by 4.6 per cent in real terms between 2011-12 and 2012-13. See commentary below.

The nature of value for money reports means that it is difficult to compare the cost of one report to another because reports are based on topics that will be of different degrees of complexity. The average cost of a report in 2012-13 in real terms (using a three year rolling average) was £147,900 compared with £141,449 in 2011-12. Factors contributing to this increase included:

- the extension of the scope of a small number of reports. It became clear that further work was necessary to address the nature and complexity of the subject areas in reports such as "The Safety of Services provided by Health and Social Care Trusts" and "NIHE Management of Response Maintenance Contracts";
- the Office faced a number of resourcing issues. Staff turnover on individual studies led to additional costs as new staff had to assimilate the context, scope and methodologies associated with the study; and
- the clearance of studies with audited bodies. Value for money reports are cleared with audited bodies, with the main purpose of avoiding disagreement about factual matters during the PAC hearings. This process added significantly to the cost of a number of studies.

During 2013-14 we intend to review how we measure our performance.

## Our People

NIAO's resources were used to employ an average full time equivalent of 137 staff including temporary appointments in 2012-13 (2011-12: 140). It is through the skills, expertise and cumulative experience of our staff that we are able to deliver high quality services to our stakeholders. Some 63 per cent of staff have professional accountancy qualifications and a further 9 per cent are studying to become qualified. Other staff are qualified in other relevant disciplines.

During 2012-13 we reinstated recruitment to our Graduate Trainee Accountant programme, which had been temporarily suspended, appointing five trainees to study for the Chartered Institute of Public Finance and Accountancy professional qualification. In addition, we continued our Placement Student scheme, first introduced in 2011-12, offering a one-year work placement to two students studying for a degree in Accounting, Business Studies, Finance or Economics.

All staff participate in training. In addition to the formal accountancy training, staff, on average, undertook 5.27 days of structured training in 2012-13 (2011-12: 3.38 days) in areas such as technical updates, personal development and management skills. The Office has also introduced a new performance management system, an important component of which is a personal development plan for each member of staff.

The Office consults the respective branches of the Northern Ireland Public Service Alliance and the Association of First Division Officers over matters affecting staff. Staff involvement is also actively encouraged as part of the day-to-day process of line management and information on financial results and current and prospective developments is disseminated.

## Diversity

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

We are fully committed to the fulfilment of equality obligations under section 75 of the Northern Ireland Act 1998 and section 49A of the Disability Discrimination Act 1995 (as amended by Article 5 of the Disability Discrimination (Northern Ireland) Order 2006). Our corporate values include equality and we carry out staff training to raise general awareness of equality issues.

# Our Governance and Risk Management

Information on our governance and risk management arrangements can be found in the Governance Statement on pages 36 to 42.

## Advisory Board

The Comptroller and Auditor General established the existing governance framework in June 2011, which included the formation of an Advisory Board. The responsibilities of this Board are to:

- provide the Comptroller and Auditor General with objective and impartial advice to assist him in the discharge of his statutory functions;
- contribute to the strategic development of the Office;
- monitor and scrutinise the performance of the Office, its financial management arrangements and use of resources, and its management of risk; and
- provide the Comptroller and Auditor General with effective support in discharging his responsibilities as Accounting Officer.

Members of the Advisory Board in 2012-13 were as follows:

## Comptroller and Auditor General

### Kieran Donnelly

Kieran Donnelly was appointed to the post of Comptroller and Auditor General in September 2009. He chaired the Advisory Board until 31 December 2011, transferring this role to Gary Martin in January 2012.

## Independent Non-Executives Members

### Gary Martin

Gary Martin, chairperson of the Advisory Board, is a senior lecturer in accounting at the University of Ulster, specialising in the fields of corporate governance and professional ethics.

### **Mary Halton**

Mary Halton is the Managing Director of Align Consulting Ltd and serves on the Governing Council of Chartered Accountants Ireland where she is also a member of its Audit & Risk Committee. She has been chair of the NIAO Audit Committee since January 2012.

### **Daniel McLarnon**

Before retiring Daniel McLarnon was Corporate Development Director of Moy Park where he had executive responsibilities for Human Resources, Internal Audit, Legal Services and Corporate Governance. He is a Fellow of the Institute of Directors.

## **Executive Members**

### **Eddie Bradley - Assistant Auditor General**

Eddie Bradley leads the team which has responsibility for producing value for money reports each year, the majority of which result in a PAC evidence session.

### **Louise Mason - Assistant Auditor General and Chief Local Government Auditor**

Louise Mason is responsible for the financial audit services provided to central government, including health, and local government. Her work involves auditing financial statements and promoting good governance.

### **Janet Sides - Assistant Auditor General**

Janet Sides is responsible for the Corporate Services function, which includes finance, Human Resources, communications, audit policy development, and information and IT management.

All of the above members served throughout 2012-13 and remain as current members of the Advisory Board.

No significant interests are currently held by the Advisory Board which may conflict with their management responsibilities.

## **Risk Management**

The Office has well-established planning, management and monitoring arrangements to address business risks. As noted on page 39, an extensive review of our risk management framework was undertaken in 2012-13.

## Health and Safety

Our health and safety policy is regularly reviewed to ensure any changes in legislation are incorporated, and that these changes are brought to the attention of staff. An executive member of the Board chairs the Office's Health and Safety Committee, which comprises staff trained in Health and Safety and representatives nominated by Trade Unions. During 2012-13 we recorded four minor incidents, none of which required a report under the reporting of injuries, diseases and dangerous occurrences regulations to the Health and Safety Executive for Northern Ireland.

In terms of staff welfare all staff have access to an independent and confidential counselling, support and advice service. This counselling support is free to staff at the point of use and is totally external to the Office.

## Sickness Absence

We have a comprehensive attendance management policy, providing advice and information to staff on matters relating to sickness absence, and setting out the procedures to be followed in reporting and monitoring attendance in the Office.

The average number of days for sickness absence was 6.5 days per employee in 2012-13 compared to 9.9 days per employee in 2011-12. This decrease is due to a reduction in the number of both long term and short term sick leave cases.

## Sustainability

We are committed to promoting sustainability through our work by both reducing our own environmental footprint and by addressing sustainability issues where relevant in our value for money programme.

Economies of scale limit the impact that an Office our size can have on sustainability. However, we strive to achieve a high level of environmental performance that supports sustainable development.

In seeking to reduce our environmental footprint we have adopted a number of initiatives in recent years, for example reducing electricity consumption by replacing halogen lighting with lower energy alternatives and old air conditioning units with more energy efficient units and recycling waste paper and other items.

## Resource Accounts 2012-13

Schedule 2 of the Audit (Northern Ireland) Order 1987 requires the NIAO to prepare resource accounts. Details of the Order can be found at [www.legislation.gov.uk](http://www.legislation.gov.uk).

The financial statements on pages 46 to 74 have been prepared by the Office on a resource basis in accordance with the 2012-13 Government Financial Reporting Manual (FReM) issued by the Department of Finance and Personnel.

### Auditor of the NIAO

The Department of Finance and Personnel appointed Baker Tilly Mooney Moore as the external auditor of the NIAO for a three year term from April 2008, with the option to extend for a further two years. The contract was extended for a second and final year to cover the audit of the 2012-13 accounts.

The Comptroller and Auditor General has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the auditors are aware of that information. So far as the Comptroller and Auditor General is aware, there is no relevant information of which the auditors are unaware.

In addition to its work to form an opinion on the financial statements, Baker Tilly Mooney Moore reviews the NIAO's statement of financial impact which is reported on page 11. Details of the cost of the work done by the external auditor are disclosed in Note 8 to the Accounts.

### NIAO Estimate

The Audit (Northern Ireland) Order 1987 requires the Comptroller and Auditor General to prepare a Supply Estimate each financial year. Supply Estimates are the means by which authority is sought from the Assembly for spending each year.

The Office produces a Corporate Plan on an annual basis which sets out developments in the work programme for a three year rolling period and the related resource requirements. This plan, which is available on our website at [www.niauditoffice.gov.uk](http://www.niauditoffice.gov.uk), is then presented to the Assembly Audit Committee, established under Section 66 of the Northern Ireland Act 1998. Once the Assembly Audit Committee has examined the Corporate Plan and endorsed the resource bid, the Office prepares its Estimate which, for the 2012-13 year, was considered by the Committee in February 2012. Following approval by the Committee, the 2012-13 Estimate was included in the Budget Act which was approved by the Assembly in July 2012.

## Management Commentary

The principal pieces of legislation which govern the operations of the Office are the Audit (Northern Ireland) Order 1987; the Northern Ireland Act 1998; the Government Resources and Accounts Act (Northern Ireland) 2001; the Audit and Accountability (Northern Ireland) Order 2003; the Local Government (Northern Ireland) Order 2005; and the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006.

## Aim and Objectives

NIAO seeks to hold public bodies to account for the way they use public money. The Office provides objective information, advice and assurance on how public funds have been used and encourages high standards in financial management, good governance and propriety in the conduct of public business. Its main activities, information on which is provided on pages 5 to 10, comprise:

- Financial Audit;
- Value for Money Audit;
- Governance and Fraud Prevention;
- Support to the Northern Ireland Assembly and the public; and
- Comptroller Function.

The gross expenditure, and any associated income, of the Office's work in meeting each of these objectives are shown in Note 6 to the Accounts.

## Review of performance

### Financial Audit

During 2012-13 we certified 205 accounts (2011-12: 225). A number of longstanding backlog audits had been progressed and certified during 2011-12. Efficiency improvements of 3.3 per cent, against a target of 1.5%, were achieved in respect of financial audits.

Throughout the year we continued to work with the Office of the Comptroller and Auditor General in Dublin on the shared audit and certification of the six North South bodies. We also continued to have close working arrangements with the National Audit Office for the accounts we audit on its behalf and support in respect of our audit methodology.



We continued to develop reciprocal arrangements with the Wales Audit Office, National Audit Office and Audit Scotland for the quality assurance of financial audits. The financial audits sampled were found to be compliant with required standards, with the exception of one audit where there were concerns that there was not enough evidence to support a fully ISA compliant audit. We will be undertaking further training and development to improve the quality of our financial audit work.

### **Value for Money Audit**

Our value for money auditors produced 11 reports (2011-12: 10) on value for money and governance issues in central government. The reports published covered topics as diverse as management of major capital projects, improving literacy and numeracy achievements in schools and the safety of services provided by Health and Social Care Trusts. The average cost per study in real terms (using a three year rolling average) was £147,900 (2011-12: £141,449) (see page 15 for commentary). Each study is subjected to a range of quality assurance controls to maintain and improve the quality of our published work. Copies of the reports published in 2012-13 can be obtained from <http://www.niauditoffice.gov.uk>.

### **Governance and Fraud Prevention**

We continued to work with public bodies to further enhance their governance arrangements and promoted and provided training to both staff and non-executives through programmes developed by the Chief Executives' Forum. Having obtained the statutory power in 2007 to data match for the purpose of assisting in the prevention and detection of fraud, in 2012 we reported on our second round of participation in the UK wide National Fraud Initiative and took part in its next biennial exercise.

### **Support to the Northern Ireland Assembly and the public**

NIAO supported PAC in ten evidence sessions and offered support and advice to members as required.

We continue to welcome enquiries made to us by elected representatives and public interest disclosures by members of the public. During the year we handled 23 enquiries from elected representatives (2011-12: 23) and 68 other disclosures by members of the public (2011-12: 39).

### **Comptroller Function**

As Comptroller, the Comptroller and Auditor General authorised the issue of public funds by the Department of Finance and Personnel from the NICF to government departments and others, ensuring that all issues had legislative authority and were made in accordance with the provisions of the Government Resources and Accounts Act (Northern Ireland) 2001.

## Resources

The resources used by the Office in pursuit of the above are set out in the following table:

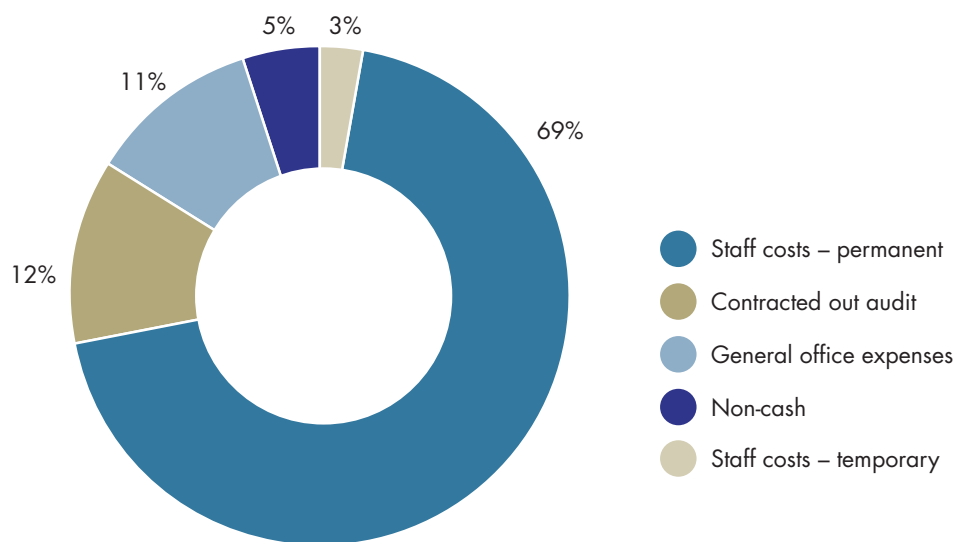
	Estimate £'000	Outturn £'000	Saving/(Excess) £'000	%
Gross Resource Requirement	10,873	10,552	321	2.9
Income	2,459	2,459	-	-
Net Resource Requirement	8,414	8,093	321	3.8
Capital	115	95	20	17.4

The variance against the Net Resource Requirement is mainly due to:

- less use of outsourced resources than estimated, due to changes to the planned timing of work, with some assignments originally anticipated to complete in 2012-13 now carrying forward into 2013-14;
- a reduction in salaries arising from a reduced liability for employee benefits compared with that forecast; and
- savings, including cost reductions, for example in IT and printing.

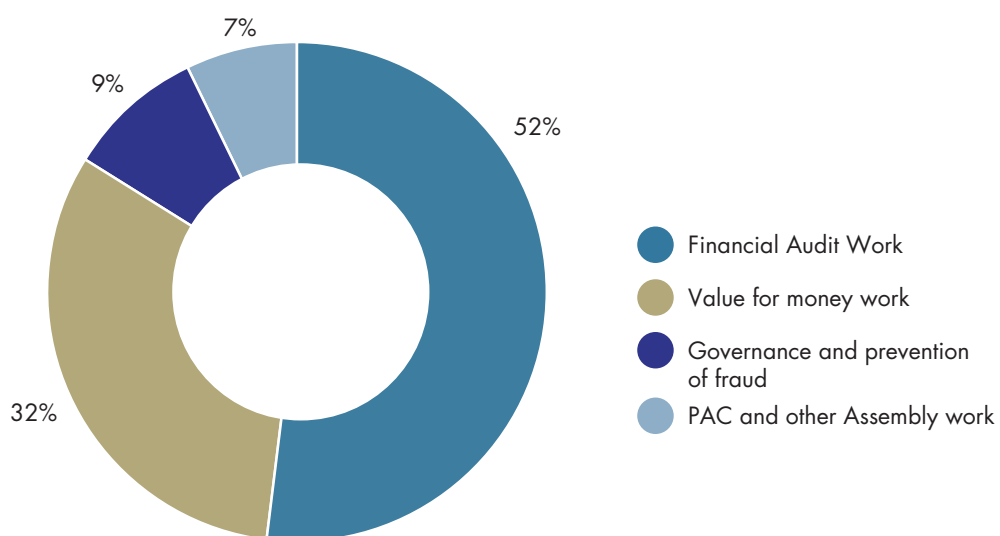
As shown in the chart below, the largest area of expenditure in the Office continues to be in relation to our permanent staff costs (69 per cent):

## Use of resources



As in previous years, more than half of our resources were used on financial audit work and approximately a third were used on value for money work.

## How resources were used to meet objectives in 2012-13



The cost of the Comptroller Function, which is de minimis, is shown at Note 6 to the Resource Accounts.

Income includes fees received from:

- some central government bodies and North South bodies in respect of the audit of their accounts;
- the National Audit Office for audits we carry out on its behalf; and
- local government bodies for the audit of their accounts.

Each element of income and the costs associated with it are shown in Note 9 to the Accounts.

Any income in excess of the Estimate must be surrendered as Consolidated Fund Extra Receipts. In 2012-13, excess income of £100,000 was earned as a result of earlier completion of chargeable audit work than anticipated.

Capital expenditure is made up of updates of IT infrastructure and hardware, audit software licences, training equipment, a new telephony system and refurbishment of kitchen facilities.

## Resources required in the future

The Corporate Plan covering the period 2013-14 to 2015-16 sets out the Office's strategic aims and how these will be delivered. The resources required by the Office to implement the Plan in 2013-14 were agreed in the Estimate approved by the Assembly Audit Committee in February 2013 and these are laid out in the table below:

	2013-14 £'000
Gross Resource Requirement	10,497
Income	2,170
Net Resource Requirement	8,327
Capital	290

The estimated Net Resource Requirement in 2013-14 represents a reduction compared to our Estimate in 2012-13 of 1.0 per cent in cash terms.

Resources for 2013-14 incorporate a change to the method of delivery of the Office's Information and

Communications Technology (ICT) requirements to support its business. This change impacts on both resource and capital expenditure. From a full in-house provision of the ICT function we have outsourced the service to IT Assist, the Northern Ireland Civil Service's shared service provider. The first phase of the migration took place in May 2013, with the remainder planned for summer 2013. We will continue to update and replace line of business software and a limited amount of hardware to enhance operational efficiency and effectiveness. The capital provision for 2013-14 includes the purchase of new financial audit software and an Electronic Document and Records Management System.

## Reconciliation of Resource Expenditure between Estimates, Accounts and Budgets

The Government Financial Reporting Manual requires a table showing a reconciliation on an outturn basis between the Net Resource Outturn, the Net Operating Cost and the Budget. This table is given below:

	2012-13 £'000	2011-12 £'000
<b>Net Resource Outturn</b>	<b>8,093</b>	<b>8,131</b>
Less Consolidated Fund Extra Receipts	(100)	(384)
Add Non supply expenditure	192	192
<b>Net Operating Cost</b>	<b>8,185</b>	<b>7,939</b>
Consolidated Fund Extra Receipts	100	-
Inter-departmental notional charge	(1)	-
<b>Budget Outturn</b>	<b>8,284</b>	<b>7,939</b>

## Payment of Suppliers

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

During 2012-13, the Office paid 97.91 per cent of bills (2011-12: 96.02 per cent) within this standard.

In addition to this, the government has said that wherever possible public sector bodies should seek to pay suppliers within 10 working days of receipt of the invoice. In 2012-13, we met this standard for 91.58 per cent of invoices received (2011-12: 84.50 per cent).

## **Contingent Liabilities requiring disclosure under assembly reporting requirements and not under IAS 37**

There were no contingent liabilities requiring disclosure under assembly reporting requirements.

## **Pensions**

Present and past employees of the Office are covered by the Northern Ireland Principal Civil Service Pension Scheme. The treatment of pension costs and liabilities is disclosed in the Remuneration Report. Notes 1.9, 1.10 and 7 to the Accounts provide information on how pension liabilities are calculated.

## **Review of Fair Pay**

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid earner in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest-paid earner in NIAO in the financial year 2012-13 was £135,000 to £140,000 (2011-12: £135,000 to £140,000). This was 3.4 times (2011-12: 3.4) the median remuneration of the workforce, which was £40,273 (2011-12: £40,878).

Remuneration ranged from £11,956 to £140,000 (2011-12: £11,750 to £140,000).

Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind and severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

The highest paid earner of the Office is the Comptroller and Auditor General who is also the Accounting Officer. However, as noted on page 28, the salary of the Comptroller and Auditor General is met from the Consolidated Fund rather than the Office's Supply Estimate.

### **'Off-Payroll' Engagements**

Off-payroll engagements are those where individuals, either self-employed or acting through a personal service company, are paid gross by the employer. In line with HM Treasury requirements, the Department of Finance and Personnel requires disclosure of such engagements that were in place as at 31 January 2012 costing over £58,200 per annum, with £58,200 being the minimum salary for Senior Civil Servants in Great Britain at that date. The Office had no off-payroll engagements at a cost of over £58,200 per annum as at 31 January 2012 or at 31 March 2013.

## Remuneration Report

### Remuneration Policy

#### Comptroller and Auditor General

Under the provisions of the Northern Ireland Act 1998 the office of the Comptroller and Auditor General for Northern Ireland is a Crown appointment made on the nomination of the Northern Ireland Assembly. The Audit (Northern Ireland) Order 1987 provides for the remuneration of the Comptroller and Auditor General for Northern Ireland and for it to be met from the Consolidated Fund for Northern Ireland. The remuneration and associated pension and national insurance contributions are disclosed in Note 8 on page 62 as Consolidated Fund Standing Services under Other Administration Costs.

#### Senior Management

The Audit (Northern Ireland) Order 1987 provides that the Comptroller and Auditor General shall appoint such staff as he considers necessary for assisting him in the discharge of his functions and for the purpose of Article 4 of the Local Government (Northern Ireland) Order 2005 (designation of staff as local government auditors).

The Audit (Northern Ireland) Order 1987 further provides that these staff shall be appointed at such remuneration and on such other terms and conditions as the Comptroller and Auditor General shall determine, subject to him having regard to the desirability of keeping the remuneration and terms and conditions broadly in line with those applying to the persons employed in the National Audit Office and in the Northern Ireland Civil Service.

NIAO staff normally hold appointments that are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Appointments to senior management are made by the Comptroller and Auditor General on the basis of fair and open competition. When holding competitions and making appointments the Comptroller and Auditor General takes into account the Northern Ireland Civil Service policies and procedures in this area.

The pay award for senior management and all staff is a percentage uplift on basic pay, based on an annual assessment of staff performance reports.



## Remuneration and Pension Entitlements

The following sections provide details of the remuneration and pension interests of the Comptroller and Auditor General and members of the NIAO Executive Team. The information on pages 29 to 31 is covered by the audit opinion.

### Remuneration (Audited)

	2012-13			2011-12		
	Salary £'000	Bonus payments £'000	Benefits in kind (nearest £100)	Salary £'000	Bonus payments £'000	Benefits in kind (nearest £100)
<b>Kieran Donnelly</b> Comptroller and Auditor General	135-140	-	-	135-140	-	-
<b>Louise Mason</b> Assistant Auditor General	90-95	-	-	90-95	-	-
<b>Janet Sides</b> Assistant Auditor General	90-95	-	-	85-90	-	-
<b>Eddie Bradley</b> Assistant Auditor General	80-85	-	-	80-85	-	-
<b>Band of Highest Earner's Total Remuneration</b>	<b>135-140</b>			<b>135-140</b>		
<b>Median Total Remuneration</b>	<b>40,273</b>			<b>40,878</b>		
<b>Ratio</b>	<b>3.4</b>			<b>3.4</b>		

'Salary' includes gross salary and any allowances to the extent that it is subject to UK taxation.

'Bonus payments' are not made to our staff. The performance appraisal process in the office is used to uplift basic pay within pay scales.

'Benefits in kind' cover any benefits provided by the Office and treated by HM Revenue and Customs as a taxable emolument. No such benefits were provided during 2012-13.

The Comptroller and Auditor General's salary is met from the Consolidated Fund. The Comptroller and Auditor General for Northern Ireland retains office unless removed by a resolution of the Northern Ireland Assembly supported by at least two thirds of members.

### Non-Executive Members

During 2012-13 the following remuneration was payable to Non-Executive Members for attendance at meetings of the NIAO Advisory Board and Audit Committee:

	£'000
Gary Martin	2.5-5
Mary Halton	2.5-5
Daniel McLarnon	2.5-5

No remuneration was paid to Diane McGiffen from Audit Scotland.

**Pension entitlements (Audited)**

The pension entitlements of the Comptroller and Auditor General and members of the NIAO Executive Team were as follows:

<b>Name and Title</b>	<b>Accrued pension at age 60 at 31 March 2013</b>	<b>Real increase in annual pension</b>	<b>Accrued lump sum at age 60 at 31 March 2013</b>	<b>Real increase in lump sum</b>	<b>CETV at 31 March 2013</b>	<b>CETV at 31 March 2012*</b>	<b>Real increase in CETV</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Kieran Donnelly</b> Comptroller and Auditor General	50-55	0-2.5	155-160	0-2.5	1,003	943	7
<b>Louise Mason</b> Assistant Auditor General	25-30	0-2.5	80-85	2.5-5	462	422	15
<b>Janet Sides</b> Assistant Auditor General	30-35	0-2.5	90-95	2.5-5	550	505	14
<b>Eddie Bradley</b> Assistant Auditor General	25-30	0-2.5	85-90	2.5-5	489	448	13

\* The actuarial factors used to calculate Cash Equivalent Transfer Values (CETVs) were changed in 2012-13. The CETVs at 31/03/12 and 31/03/13 have both been calculated using the new factors, for consistency. The CETV at 31/03/12 therefore differs from the corresponding figure shown in last year's report which was calculated using the previous factors.

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

Pension benefits for Office staff are provided through the Northern Ireland Civil Service pension arrangements which are administered by Civil Service Pensions (CSP). Staff in post prior to 30 July 2007 may be in one of three statutory based 'final salary' defined benefit arrangements (classic, premium, and classic plus). These arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. From April 2011 pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Consumer Prices Index (CPI). Prior to 2011, pensions were increased in line with changes in the Retail Prices Index (RPI). New entrants joining on or after 1 October

2002 and before 30 July 2007 could choose between membership of premium or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account). New entrants joining on or after 30 July 2007 are eligible for membership of the nuvos arrangement or they can opt for a partnership pension account. Nuvos is a 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current rate is 2.3%. CARE pension benefits are increased annually in line with increases in the CPI. For 2013, public service pensions will be increased by 2.2% with effect from 8 April 2013.

Employee contributions are determined by the level of pensionable earnings. The current rates are as follows:

Members of **classic**:

<b>Annual pensionable earnings (full-time equivalent basis)</b>	<b>New 2013 contribution rate before tax relief</b>
Up to £15,000	1.50%
£15,001 - £21,000	2.70%
£21,001 - £30,000	3.88%
£30,001 - £50,000	4.67%
£50,001 - £60,000	5.46%
Over £60,000	6.25%

Members of **premium, nuvos** and **classic plus**:

<b>Annual pensionable earnings (full-time equivalent basis)</b>	<b>New 2013 contribution rate before tax relief</b>
Up to £15,000	3.50%
£15,001 - £21,000	4.70%
£21,001 - £30,000	5.88%
£30,001 - £50,000	6.67%
£50,001 - £60,000	7.46%
Over £60,000	8.25%

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

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

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

**[www.dfpni.gov.uk/civilservicepensions-ni](http://www.dfpni.gov.uk/civilservicepensions-ni)**.

### **Cash Equivalent Transfer Values**

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the CSP arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment ) Regulations and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

**Real increase in CETV**

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

**Compensation for loss of office**

No members of senior management lost office during 2012-13.



**Kieran Donnelly**  
**Comptroller and Auditor General for Northern Ireland**

**19 June 2013**

## Statement of Accounting Officer's Responsibilities

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

The resource accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Northern Ireland Audit Office, the net resource outturn, changes in taxpayers' equity and cash flows for the financial year.

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

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

- observe the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgments and estimates on a reasonable basis;
- state whether applicable accounting standards, as set out in the Government Financial Reporting Manual, have been followed, and disclose and explain any material departures in the accounts; and
- prepare the accounts on a going concern basis.

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

## Governance Statement

### Introduction

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

I am pleased to present my first governance statement setting out the NIAO's governance, risk management and internal control arrangements and how these work in practice.

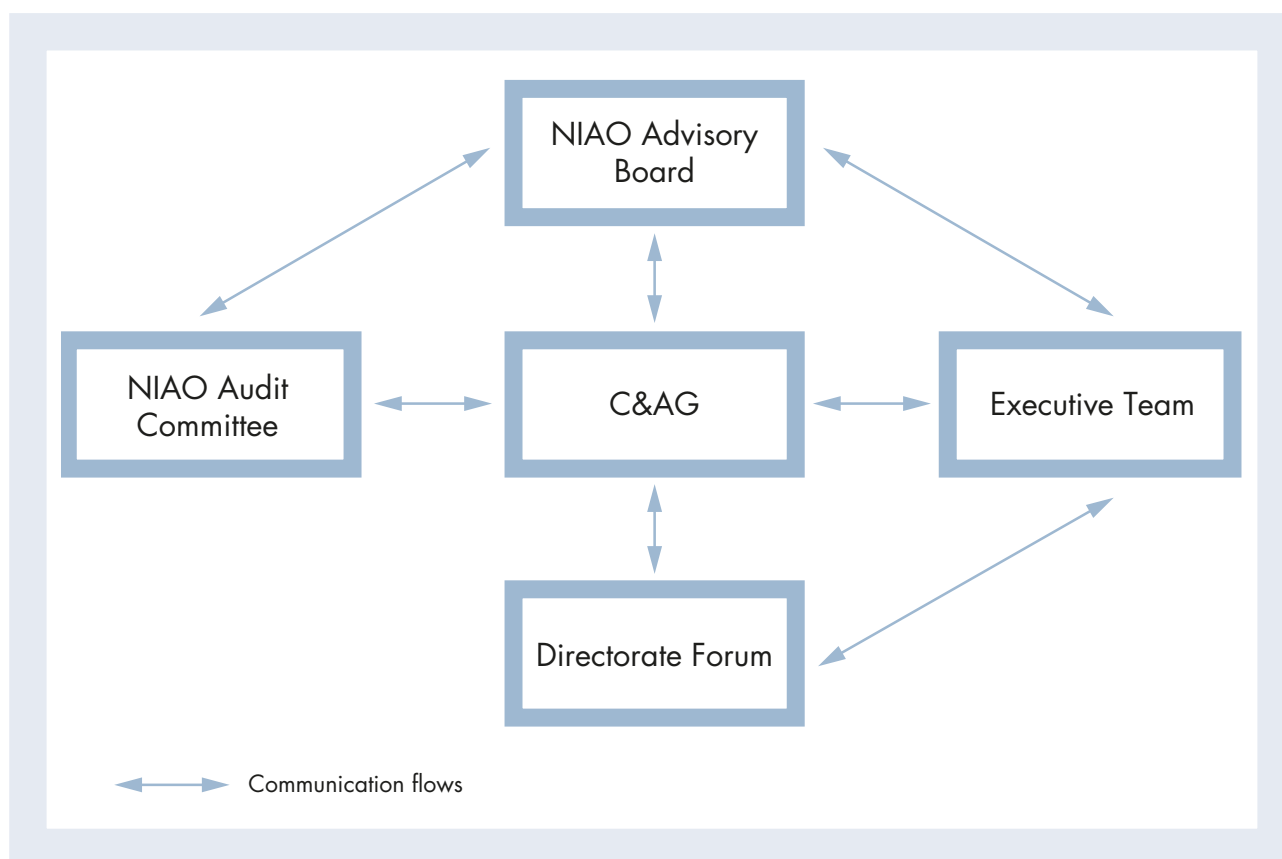
### The governance structure

Legislation relevant to the governance of the NIAO includes the Audit (Northern Ireland) Order 1987 and the Northern Ireland Act 1998. Key provisions are as follows:

- the Comptroller and Auditor General, in exercising his statutory audit functions, shall not be subject to the direction or control of any Minister or Northern Ireland Department or of the Assembly;
- the Comptroller and Auditor General shall be a 'corporation sole'. This means that while NIAO staff assist in the discharge of his functions, all legal powers, rights and duties are vested in the office of Comptroller and Auditor General; and
- the NIAO's annual Estimate should be agreed between the Comptroller and Auditor General and the Audit Committee of the Assembly.

In this legal context, I have put in place the following governance framework, which has operated since June 2011.





I have assessed NIAO governance arrangements against the central government Code of Good Practice for Corporate Governance applicable to 2012-13, and am satisfied that these arrangements are compliant with the principles of the Code where they are relevant to the Office and its statutory position.

## NIAO Advisory Board

The Board is advisory in nature and has no decision making authority. It has three independent non-executive members, bringing an insight based on their wider experience to the thinking of the NIAO, and four executive members, comprising the three Assistant Auditor Generals and myself (see pages 16 and 17 for commentary on members). Six board meetings were held in 2012-13. Each meeting was attended by all members.

The Advisory Board, which provides effective support and challenge in improving NIAO operations, reviewed its remit during 2012-13 and produced revised terms of reference which I approved. Its responsibilities include:

- providing me with objective and impartial advice to assist me in the discharge of my statutory functions;
- contributing to the strategic development of the Office;

- monitoring and scrutinising the performance of the Office, its financial management arrangements and use of resources, and its management of risk; and
- providing me with effective support in discharging my responsibilities as Accounting Officer.

During 2012-13 the Board received a range of material in accordance with an agreed schedule, including the Corporate Risk Register, progress reports on the delivery of audit outputs and performance against targets, finance reports, HR information, and Executive Team and Directorate Forum minutes, to assist it in discharging its role. Although the Board has not carried out a formal assessment of the information provided to it, it is satisfied with the quality of the information. The Board intends to carry out a formal assessment in 2013-14.

The Board is required to assess its own performance and intends to carry out a formal evaluation of its performance in 2013-14.

None of the non-executive members or executive members of the Office's governance structures in 2012-13 held company directorships or significant interests which might conflict with their responsibilities.

## **NIAO Audit Committee**

The Audit Committee consists solely of non-executive members. The members comprise the three Board non-executives and Diane McGiffen, Chief Operating Officer in Audit Scotland. There was full attendance by all members at each of the four meetings of the Committee in 2012-13.

The Audit Committee's Terms of Reference were revised in February 2012. Its role is one of supporting the Advisory Board and myself by reviewing the comprehensiveness and reliability of assurances provided in meeting my assurance needs. The Committee monitors the integrity of the NIAO's financial statements, and oversees the Office's NIAO internal control and risk management systems.

The Chair of the Audit Committee provides the Advisory Board with a verbal report at each meeting, and an annual report summarising the Committee's work for the year. The 2012-13 report covered:

- Committee members and attendees;
- Meetings in 2012-13;
- Risk management and internal control;
- Internal audit;
- External audit; and
- Future focus.

The Committee was satisfied that it had discharged its duties as guided by its Terms of Reference, and taking account of the work of Internal and External Audit and assurances provided to the Committee, every effort was made to provide assurance to the Board in their deliberations and to the Accounting Officer in the discharge of his accountability obligations. IT and staff related issues remain areas of particular concern and attention for the Audit Committee. These are covered in 'Areas of focus' reported on pages 40 and 41.

### Executive Team

Having full regard to the advice of the NIAO Advisory Board, the Executive Team, which comprises myself, as Chair, and the three Assistant Auditors General, is responsible for developing and implementing strategy, setting priorities, monitoring performance and managing risk.

It normally meets monthly and considers regular reports on the progress in meeting Corporate objectives, delivery of audit work, financial management, Human Resources, and risk management. The Corporate Risk Register is compiled and managed by the Executive Team and included as a standing item at each meeting. The Executive Team draws any significant matters to the attention of Audit Committee and Board.

The Team is supported by the Directorate Forum which is composed of senior management, and discusses corporate matters meriting in-depth consideration to inform strategic and operational direction.

### Risk and control

The NIAO assesses how the achievement of its policies, aims and objectives might be affected by the risks it faces, and a system of internal control is designed which mitigates those risks. The system is not designed to eliminate all risk but to strike a balance between control, cost of control and appropriate risk taking. A system of internal control has been in place for the whole of 2012-13.

The Office's approach to risk management is guided by professional best practice, and takes full cognisance of the context and environment in which it operates. In 2012-13, it carried out an extensive review of its approach to risk management. As a result, a new risk management strategy was developed and implemented, which includes formal agreement of our risk appetite, sets out roles and responsibilities and determines procedures for risk identification, monitoring, reporting and escalation of issues. This strategy is currently being embedded.

The Office focuses on proportionate risk management as an integral part of the way it undertake business activities. For each identified risk, we respond in accordance with our tolerance to risk. Given what we do, our tolerance of risk in areas of professional judgement, regularity and propriety and financial management is low. In other areas, such as product range, we are prepared to accept more risk in order to take advantage of opportunities to pursue our objectives.

In managing risk to the achievement of aims and objectives, the Office applies a range of measures, including:

- recruiting talented staff, providing professional accountancy qualifications, developing training programmes and providing development opportunities;
- developing, maintaining and communicating principles and policies for staff conduct, compliance with which is expected by all. Each year all staff sign a Code of Conduct. Breaches may lead to investigation and other action in accordance with NIAO disciplinary policy;
- appropriate methodologies for NIAO's work conforming with International Standards on Auditing; and
- control over the quality of audits managed through a system of internal and external review. In particular the International Standard on Quality Control 1 is applied to financial audit engagements, and we are currently considering more extensive application of the standard to our Value for Money work. The outcome of review processes are reported annually to the Board.

## Areas of focus

During the year focus was placed on the following matters by the Office's governance structures:

- ICT; and
- Business Improvement.

### ICT

Technical difficulties in the Office's ICT systems arose in 2012-13 that had the potential to threaten the effective operation of the Office and increase information security risk. The issue was escalated to the Corporate Risk Register and robustly managed. The risk did not materialise and there was no detriment to the information held by NIAO or to its business operations.

Following a review of its IT requirements, the Office is currently moving from an in-house ICT function to an outsourced service provided by IT Assist, the Northern Ireland Civil Service's shared service provider. The first phase of this change was effected in May 2013 and the full migration will complete in summer 2013. The Office continues to develop and improve its management of ICT.

## Business Improvement

A focus was maintained on business improvement, with specific attention on staff related issues. Business improvement is being reinvigorated in 2013-14 in a comprehensive programme addressing areas such as leadership, manpower planning and resources, communications and learning and development. I am chairing the Steering Group which will oversee implementation of the programme. The governance structures will actively monitor progress.

## Statement of information risk

Together with the staff of the NIAO, I have privileged and wide-ranging access to data and information to perform my statutory audit functions, and ensure my reports to the Assembly are factual, accurate and complete. The NIAO has a duty to respect this privileged access and to ensure that the personal information entrusted to it is safeguarded appropriately.

The NIAO has policies and controls in place to ensure that access to information is correctly managed and safeguarded throughout its life cycle including creation, storage, transmission and destruction. NIAO staff are made aware of these policies and controls, and awareness is reinforced through information security training. Checks for compliance with the Data Protection Act 1998 have been performed in 2012-13, and no significant weaknesses were identified.

Information risk is covered by the normal risk management arrangements. I am responsible for ensuring information risks are assessed and mitigated to an acceptable level, and am supported in this role by the Board level Senior Information Risk Owner, and a network of staff with security responsibilities.

## Personal data-related incidents

There were no protected personal related incidents reportable to the Information Commissioner's Office in 2012-13.

## Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control.

My review is informed by the work of the Internal Auditor and the executives within the NIAO who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports.

Key risks which could affect the achievement of the Office's objectives are managed actively under the risk management arrangements described above, with progress being reported regularly to the Audit Committee and Advisory Board.

Internal Audit provides an independent opinion on the adequacy and effectiveness of the Office's system of internal control, corporate governance and risk management, together with recommendations for improvement. Most recommendations have been accepted by management and have been implemented or are in the progress of being implemented. The status of Internal Audit recommendations is regularly reported to the Audit Committee.

Based on the conclusions of their work, Internal Audit has provided substantial assurance in relation to the NIAO's arrangements for internal control, risk management and governance in areas where audit work was performed.

## Significant internal control weaknesses

I am able to report that, subject to the ICT issue reported earlier in this statement which was resolved during the course of the year, there were no significant weaknesses in the NIAO's system of internal controls in 2012-13 which affected the achievement of the Office's key policies, aims and objectives.



**Kieran Donnelly**  
Comptroller and Auditor General for Northern Ireland

**19 June 2013**

### Independent Auditor's Report to the Northern Ireland Assembly

We certify that we have audited the financial statements of the Northern Ireland Audit Office for the year ended 31 March 2013 under the Audit (Northern Ireland) Order 1987. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash flows, the Statement of Changes in Taxpayers' Equity and the related notes. We have also audited the Statement of Assembly Supply and related notes. These financial statements have been prepared under the accounting policies set out within them. We have also audited the information in the Remuneration Report that is described in that report as having been audited.

### Respective responsibilities of the Accounting Officer and Auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Northern Ireland Audit Office's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Northern Ireland Audit Office; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Performance, Advisory Board, Sustainability and Management Commentary sections of the Annual Report and within the unaudited part of the Remuneration Report for the financial year for which the financial statements are prepared to identify any material inconsistencies with the audited financial statements. If we become aware of any material misstatements or inconsistencies we consider the implications for our report.

We are required to obtain sufficient evidence to give reasonable assurance that the Statement of Assembly Supply properly presents the Outturn against Assembly Control totals and that those totals have not been exceeded.

In addition, we are required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

## Opinion on Regularity

In our opinion, in all material respects:

- The Statement of Assembly Supply properly presents the Outturn against voted Assembly control totals for the year ended 31 March 2013 and shows that those totals have not been exceeded; and
- the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

## Opinion on Financial Statements

In our opinion:

- the financial statements give a true and fair view of the state of the Northern Ireland Audit Office's affairs as at 31 March 2013 and of its total comprehensive expenditure, cash flows and changes in taxpayers' equity for the year then ended; and
- the financial statements have been properly prepared in accordance with the Audit (Northern Ireland) Order 1987.

## Opinion on other matters

In our opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Audit (Northern Ireland) Order 1987; and
- the information given in the Performance, Advisory Board, Sustainability and Management Commentary sections of the Annual Report and within the unaudited part of the Remuneration Report for the financial year for which the financial statements are prepared is consistent with the financial statements.



## Matters on which we report by exception

We have nothing to report in respect of the following matters which we report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- we have not received all of the information and explanations we require for our audit; or
- the Governance Statement does not reflect compliance with Department of Finance and Personnel's guidance.

We have no observations to make on these financial statements.

*Baker Tilly Mooney Moore*

**Baker Tilly Mooney Moore**  
**Chartered Certified Accountants and Registered Auditor**  
**17 Clarendon Road**  
**Clarendon Dock**  
**Belfast**  
**BT1 3BG**

**19 June 2013**

## FINANCIAL STATEMENTS

### Statement of Assembly Supply

#### Summary of Resource Outturn 2012-13

		ESTIMATE			OUTTURN				
		Gross Expenditure	Accruing Resources	Net Expenditure	Gross Expenditure	Accruing Resources	Net Total	Net total outturn compared with Estimate: saving/ (excess)	2011-12 Outturn
	Note	£000	£000	£000	£000	£000	£000	£000	£000
Request for resource A*	2	10,873	2,459	8,414	10,552	2,459	8,093	321	8,131
Total resources		10,873	2,459	8,414	10,552	2,459	8,093	321	8,131
Non-Operating cost AR		-	-	-	-	-	-	-	-

**\*Request for Resource A: Providing objective information, advice and assurance on the use of public funds; encouraging beneficial change in the provision of public services, the highest standards in financial management and reporting and propriety in the conduct of public business; conducting data matching exercises for the purpose of assisting in the prevention and detection of fraud:**

the costs of administration and other support services including associated non-cash items of the Northern Ireland Audit Office in providing objective information, advice and assurance on the use of public funds; encouraging beneficial change in the provision of public services, the highest standards in financial management and reporting and propriety in the conduct of public business; conducting data matching exercises for the purpose of assisting in the prevention and detection of fraud.

## Net Cash Requirement 2012-13

		Estimate	Outturn	2012-13 £000 Net total outturn compared with Estimate: saving/ (excess)	2011-12 £000 Outturn
	Note	£000	£000	£000	£000
Net Cash Requirement	3	8,231	8,230	1	7,677

## Summary of income payable to the Consolidated Fund

In addition to accruing resources, the following income relates to the Northern Ireland Audit Office and is payable to the Consolidated Fund (cash receipts being shown in italics).

		Forecast 2012-13		Outturn 2012-13	
	Note	Income £000	Receipts £000	Income £000	Receipts £000
Total	4	-	-	107	384

Explanations of variances between estimate and outturn figures are given in the Management Commentary.

The notes on pages 53 to 74 form part of these accounts

## Statement of Comprehensive Net Expenditure

For the year ended 31 March 2013

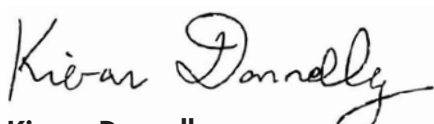
	Note	2012-13 £000	2011-12 £000
<b>Administration costs</b>			
Staff Costs	7	7,553	7,532
Other Administration costs	8	3,191	2,871
Operating Income	9	(2,559)	(2,464)
<b>Net Operating Cost</b>	2	<b>8,185</b>	<b>7,939</b>
<b>Other Comprehensive Net Expenditure</b>			
Net (gain) on revaluation of Property, Plant and Equipment		(12)	(77)
Net (gain)/loss on revaluation of Intangible Assets		(9)	1
<b>Total Comprehensive Net Expenditure</b>		<b>8,164</b>	<b>7,863</b>

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

The notes on pages 53 to 74 form part of these accounts

## Statement of Financial Position as at 31 March 2013

		31 March 2013		31 March 2012	
	Note	£000	£000	£000	£000
<b>Non-current Assets</b>					
Property, plant and equipment	10	3,376		3,639	
Intangible Assets	11	75		84	
<b>Total non-current assets</b>			<b>3,451</b>		<b>3,723</b>
<b>Current Assets</b>					
Inventories	13	445		356	
Trade and other receivables	14	251		102	
Other current assets	14	126		140	
Cash and cash equivalents	15	-		247	
<b>Total current assets</b>			<b>822</b>		<b>845</b>
<b>Total Assets</b>			<b>4,273</b>		<b>4,568</b>
<b>Current liabilities</b>					
Trade and other payables	17	(735)		(1,329)	
Provisions	18	(69)		(19)	
<b>Total current liabilities</b>			<b>(804)</b>		<b>(1,348)</b>
<b>Total assets less current liabilities</b>			<b>3,469</b>		<b>3,220</b>
<b>Non-current liabilities</b>					
Provisions	18	(94)		(4)	
<b>Total non-current liabilities</b>			<b>(94)</b>		<b>(4)</b>
<b>Total assets less liabilities</b>			<b>3,375</b>		<b>3,216</b>
<b>Taxpayers' equity:</b>					
General Fund			932		755
Revaluation Reserve			2,443		2,461
<b>Total equity</b>			<b>3,375</b>		<b>3,216</b>



**Kieran Donnelly**  
**Comptroller and Auditor General for Northern Ireland**

**19 June 2013**

The notes on pages 53 to 74 form part of these accounts.

## Statement of Cash Flows for the year ended 31 March 2013

	Note	2012-13 £000	2011-12 £000
<b>Cash flows from operating activities</b>			
Net operating cost		(8,185)	(7,939)
Adjustment for non-cash transactions	8	548	380
(Increase)/Decrease in trade and other receivables	14	(135)	94
<i>less movements in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>	14	(6)	(10)
(Increase)/Decrease in Inventories	13	(89)	10
(Decrease)/Increase in trade payables	17	(594)	414
<i>less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>		544	(497)
Use of provisions	18	(19)	(45)
<b>Net cash outflow from operating activities</b>		<b>(7,936)</b>	<b>(7,593)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	10,17	(49)	(175)
Purchase of intangible assets	11	(53)	(100)
<b>Net cash outflow from investing activities</b>		<b>(102)</b>	<b>(275)</b>
<b>Cash flows from financing activities</b>			
From the Consolidated Fund (Supply) – current year		7,985	7,827
From the Consolidated Fund (non-Supply)	8	192	192
<b>Net financing</b>		<b>8,177</b>	<b>8,019</b>
<b>Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated fund</b>		<b>139</b>	<b>151</b>
Receipts due to the Consolidated Fund which are outside the scope of NIAO's activities		-	10
Payments of amounts due to the Consolidated Fund		(398)	(1)
<b>Net (decrease)/increase in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund</b>	15	<b>(259)</b>	<b>160</b>
<b>Cash and cash equivalents at the beginning of the period</b>	15	<b>247</b>	<b>87</b>
<b>Cash and cash equivalents at the end of the period</b>	15,17	<b>(12)</b>	<b>247</b>

The notes on pages 53 to 74 form part of these accounts.

## Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2013

	Note	General Fund £000	Revaluation reserve £000	Total reserves £000
<b>Balance at 31 March 2011</b>		<b>1,208</b>	<b>2,385</b>	<b>3,593</b>
Net Assembly Funding- drawn down		7,827	-	7,827
Net Assembly Funding- deemed		82	-	82
Consolidated Fund Standing Services	8	192	-	192
Supply payable adjustment	17	(231)	-	(231)
CFERs payable to the Consolidated Fund	4	(384)	-	(384)
Comprehensive Net Expenditure for the year		(7,939)	76	(7,863)
<b>Non-Cash Adjustments</b>				
Non-cash charges- notional costs	8	-	-	-
<b>Balance at 31 March 2012</b>		<b>755</b>	<b>2,461</b>	<b>3,216</b>
Net Assembly Funding- drawn down		7,985	-	7,985
Net Assembly Funding- deemed		232	-	232
Consolidated Fund Standing Services	8	192	-	192
Supply payable adjustment	14	13	-	13
CFERs payable to the Consolidated Fund	4	(100)	-	(100)
Comprehensive Net Expenditure for the year		(8,185)	21	(8,164)
<b>Non-Cash Adjustments</b>				
Non-cash charges- notional costs	8	1	-	1
<b>Movements in Reserves</b>				
Transfers between reserves		39	(39)	-
<b>Balance at 31 March 2013</b>		<b>932</b>	<b>2,443</b>	<b>3,375</b>

The General Fund is the chief operating fund and is used to account for all financial resources except those required to be accounted for in another fund. The Revaluation Reserve records the unrealised gain/loss on revaluation of assets.

The Revaluation Reserve is analysed as follows between tangible and intangible assets.

	<b>Tangible Assets £000</b>	<b>Intangible Assets £000</b>	<b>Total £000</b>
<b>Balance at 1 April 2011</b>	<b>2,383</b>	<b>2</b>	<b>2,385</b>
Net gain/(loss) on revaluation	77	(1)	76
<b>Balance at 31 March 2012</b>	<b>2,460</b>	<b>1</b>	<b>2,461</b>
Net gain on revaluation	12	9	21
Transfer to General Fund	(31)	(8)	(39)
<b>Balance at 31 March 2013</b>	<b>2,441</b>	<b>2</b>	<b>2,443</b>

The notes on pages 53 to 74 form part of these accounts.



## Notes to the Resource Accounts

### 1. Statement of Accounting Policies

These financial statements have been prepared in accordance with Article 6 of the Audit (Northern Ireland) Order 1987, as amended by the Government Resources and Accounts Act (Northern Ireland) 2001 which require the Northern Ireland Audit Office to prepare resource accounts. In meeting this requirement, the financial statements have been prepared in accordance with the 2012-13 *Government Financial Reporting Manual (FReM)* issued by the Department of Finance and Personnel. The accounting policies contained in *FReM* apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

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

In addition to the primary statements prepared under IFRS, *FReM* also requires the Office to prepare one additional primary statement. The *Statement of Assembly Supply* and supporting notes show outturn against the Estimate in terms of the net resource requirement and the net cash requirement

#### 1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment and intangible assets.

#### 1.2 Financing

Prior to the commencement of each financial year the Northern Ireland Audit Office prepares an estimate of its use of resources. This estimate is reviewed by the Audit Committee of the Northern Ireland Assembly which, having agreed any modifications with the Comptroller and Auditor General, then lays the estimate before the Assembly. The funds are then made available through the annual Northern Ireland Budget Act. Resources are drawn down each month to meet expenditure requirements and are credited to the General Fund.

Over 20 per cent of the Office's resource requirement is met by charging fees for certain financial audit assignments and other services. The level of income that the Office may use in support of its activities (known as Accruing Resources) is also agreed by the Assembly Audit Committee and confirmed in the Budget Act. Income earned in excess of the approved level cannot be used in support of the Office's activities and is required to be paid over to the Consolidated Fund as excess Accruing Resources in accordance with the rules set out in Managing Public Money Northern Ireland.

### 1.3 Intangible assets

Intangible assets comprise capitalised operational software licenses and the costs involved in implementing the software. The cost of licences and implementation costs are amortised over their expected useful lives of between three and seven years. The minimum level for capitalisation of an intangible asset is £500. These assets have been restated using valuation indices produced by the Office for National Statistics.

### 1.4 Property, plant and equipment

Land and buildings have been included on the basis of professional valuations performed by Land and Property Services who have provided a valuation of the land and building open market value existing use as at 31 March 2013. Information technology and furniture and fittings have been restated using valuation indices produced by the Office for National Statistics. The minimum level for capitalisation of property, plant and equipment is £500. All non-property operational assets are stated at fair value on the basis of their existing use.

### 1.5 Depreciation

Depreciation is provided at rates calculated to write-off the valuation of property, plant and equipment by equal instalments over their estimated useful lives. Assets lives are normally in the following ranges:

<b>Information Technology</b>	<b>3 to 7 years</b>
<b>Fixtures &amp; Fittings and Furniture</b>	<b>5 to 20 years</b>

The building is depreciated over a 37 year estimated useful life. Land is not depreciated.

Where events have arisen which reduce the recoverable amount of any non-current asset below its carrying amount an impairment loss is recognised.

### 1.6 Inventory and work in progress

Inventory consists of work in progress which is valued at the lower of cost, including appropriate overheads, and net realisable value.

## 1.7 Operating income

Operating income is income which relates directly to the operating activities of the Office. It principally comprises fees and charges for services provided by statute or by agreement with the National Audit Office (NAO) and client organisations. Income represents the amounts derived from the provision of completed work for clients during the year and includes an appropriate allowance for work in progress on assignments which will be completed in the following year. It includes not only income appropriated in aid of the Estimate but also income to the Consolidated Fund, which in accordance with FReM is treated as operating income. Operating income is stated net of VAT.

## 1.8 Operating leases

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

## 1.9 Pensions

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

## 1.10 Early Departure Costs

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

## 1.11 Other provisions

The Northern Ireland Audit Office provides for legal or constructive obligations which are of uncertain timing or amount at the reporting date on the basis of the best estimate of the expenditure required to settle the obligation.

## 1.12 Value Added Tax

Income and expenditure in the account is stated exclusive of irrecoverable value added tax. The Office can recover value added tax at a partial exemption rate. For 2012-13 this was a rate of 4 per cent (3 per cent in 2011-12) based on the percentage of business income over total income.

## 1.13 Staff costs

Under IAS 19 Employee Benefits, all staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the cost of any untaken leave as at the year end.

## 1.14 Financial instruments

The Northern Ireland Audit Office does not hold any complex financial instruments. The only financial instruments included in the accounts are receivables and payables (Notes 14 and 17). Trade receivables are recognised initially at fair value less provision for impairment. A provision for impairment is made when there is evidence that the Northern Ireland Audit Office will be unable to collect an amount due in accordance with agreed terms.

## 1.15 Accounting standards, interpretations and amendments to published standards adopted in the year ended 31 March 2013

Additional or revised accounting standards and new (or amendments to) interpretations contained within FReM 2012-13 have been considered. The adoption of these standards has not had a significant impact on the Office's financial position or results.

## 1.16 Accounting standards, interpretations and amendments to published standards not yet effective

The Office has reviewed new accounting standards that have been issued but are not yet effective, nor adopted early for these accounts. The Office considers that these are unlikely to have a significant impact on the accounts in the period of initial application.

## 2. Reconciliation of Net Resource Outturn to Net Operating Cost

		2012-13 £000			2011-12 £000
	Note	Outturn	Supply Estimate	Outturn compared with Estimate	Outturn
Net Resource Outturn		8,093	8,414	321	8,131
Non-supply income (CFERs)	5	(100)	-	(100)	(384)
Non-supply expenditure	8	192	192	-	192
<b>Net Operating Cost</b>		<b>8,185</b>	<b>8,606</b>	<b>421</b>	<b>7,939</b>

## 3. Reconciliation of Net Resource Outturn to Net Cash Requirement

	Note	Estimate	Outturn	Net Total Outturn compared with Estimate: saving / (excess)
Net Resource Outturn	2	8,414	8,093	321
Capital				
Acquisition of non-current assets		115	95	20
Accruals adjustments				
Non-cash items	8	(570)	(548)	(22)
Changes in working capital other than cash		250	571	(321)
Use of provision	18	22	19	3
<b>Net Cash Requirement</b>		<b>8,231</b>	<b>8,230</b>	<b>1</b>

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

In addition to Accruing Resources, the following income relates to the Office and is payable to the Consolidated Fund

	Forecast 2012-13 £000		Outturn 2012-13 £000	
	Income	Receipts	Income	Receipts
Operating income and receipts - excess Accruing Resources	-	-	99	383
Other Operating income and receipts not classified as Accruing Resources	-	-	1	1
	-	-	<b>100</b>	<b>384</b>
Non Operating income and receipts not classified as Accruing Receipts	-	-	7	-
<b>Total income payable to the Consolidated Fund</b>	-	-	<b>107</b>	<b>384</b>

#### 5. Reconciliation of Income recorded within the Statement of Comprehensive Net Expenditure to Operating Income payable to the Consolidated Fund

	Note	2012-13 £000	2011-12 £000
Operating Income	9	2,559	2,464
Income authorised to be used as Accruing Resources		2,459	2,080
<b>Operating income payable to the Consolidated Fund</b>	4	<b>100</b>	<b>384</b>

## 6. Statement of Operating Costs by Operating Segment

NIAO's operating segments reflect the activities undertaken to achieve the business objectives.

	2012-13			2011-12		
	Gross Expenditure £000	Income £000	Net Expenditure £000	Gross Expenditure £000	Income £000	Net Expenditure £000
Financial Audit	5,563	2,302	3,261	5,652	2,418	3,234
Value for Money Audit	3,483	-	3,483	3,128	46	3,082
Governance and Fraud Prevention	927	238	689	978	-	978
Direct support to the NI Assembly and the public	758	19	739	635	-	635
Comptroller function	13	-	13	10	-	10
<b>TOTAL</b>	<b>10,744</b>	<b>2,559</b>	<b>8,185</b>	<b>10,403</b>	<b>2,464</b>	<b>7,939</b>

**Financial Audit** - Auditing and reporting on the annual accounts of public bodies.

**Value for Money Audit** - Independently examining and reporting to the Northern Ireland Assembly on whether public bodies spend taxpayers' money economically, efficiently and effectively.

**Governance and Fraud Prevention** - Providing audited bodies with constructive advice to help them improve their corporate governance, financial control and risk management arrangements, and assisting in the prevention and detection of fraud by conducting and reporting on data matching exercises.

**Direct support to the Northern Ireland Assembly and the public** - Working closely with the Public Accounts Committee on evidence sessions based on our reports; providing support to Departmental committees; and responding to enquiries from elected representatives and disclosures from members of the public.

**Comptroller function** - Authorising the issue of public funds from the Consolidated Fund for Northern Ireland.

## 7. Staff numbers and related costs

Staff costs comprise:

			2012-13 £000	2011-12 £000
	Permanently employed staff	Others	Total	Total
Wages and Salaries	5,589	262	5,851	5,842
Social Security Costs	497	-	497	490
Other Pension Costs	1,205	-	1,205	1,200
<b>Sub Total</b>	<b>7,291</b>	<b>262</b>	<b>7,553</b>	<b>7,532</b>
Less recoveries in respect of outward secondments	-	-	-	-
<b>Total net costs</b>	<b>7,291</b>	<b>262</b>	<b>7,553</b>	<b>7,532</b>

The salary and other costs of the C&AG are not included within the above costs as his remuneration is met directly from the Consolidated Fund for Northern Ireland. Further details can be found in the Remuneration Report.

The Principal Civil Service Pension Scheme (Northern Ireland) (PCSPS (NI)) is an unfunded multi-employer defined benefit scheme but the Northern Ireland Audit Office is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2010 and details of this valuation are available in the PCSPS (NI) resource accounts.

For 2012-13, employers' contributions of £1,204,592 were payable to the PCSPS (NI) (2011-12 £1,200,202) at one of four rates in the range 18% to 25% of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. However HM Treasury has instructed the scheme to cease further work on the March 2010 valuation. A new valuation scheme based on data as at 31 March 2012 is currently being undertaken by the Actuary to review employer contribution rates for the introduction of a new career average earning scheme from April 2015. From 2013-14, the rates will remain in the range 18% to 25%. The contribution rates are set to meet the cost of the benefits accruing during 2012-13 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.



Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £nil (2011-12 £1,928) were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% (2011-12 3% to 12.5 %) of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £nil, 0.8% (2011-12 £nil, 0.8%) of pensionable pay, were payable to the PSCPS (NI) to cover the cost of future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the partnership pension providers at the reporting period date were £nil. Contributions prepaid at that date were £nil.

No persons (2011-12: 0 persons) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £nil (2011-12 £nil).

### Average number of persons employed

The average number of full time equivalent persons employed during the year was as follows.

2012-13			2011-12
Total	Permanent Staff	Others	Total
137	133	4	140

## 7.1 Reporting of Civil Service and other compensation schemes - exit packages

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band (total cost)
£50,000 - £100,000	0 (2011-12: 0)	2 (2011-12: 0)	2 (2011-12: 0)
Total number of exit packages by type	0 (2011-12: 0)	2 (2011-12: 0)	2 (2011-12: 0)
Total resource cost	0 (2011-12: 0)	£159,000 (2011-12: 0)	£159,000 (2011-12: 0)

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme (Northern Ireland), a statutory scheme made under the Superannuation (Northern Ireland) Order 1972. Exit costs are accounted for in full in the year of departure. Where NIAO has agreed early retirements, the additional costs are met by NIAO and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

## 8. Other Administration Costs

	Notes	2012-13 £000	2011-12 £000
Contracted Out Audits		1,267	1,306
Accommodation		356	350
National Fraud Initiative Costs		214	-
Recruitment and training		120	135
Consolidated Fund Standing Services (C&AG's salary)		192	192
Office Supplies/Equipment		103	136
Computer Services		172	131
Travel and Subsistence		96	96
Professional Services Bought In		19	35
Other Indirect Costs		45	42
Legal Fees		17	18
Internal Auditors' Fees		17	24
External Auditors' Fees - Audit		12	13
Rentals under operating leases		7	7
External Auditor's Fees - Other		5	5
Hospitality		1	1
		<u>2,643</u>	<u>2,491</u>
<b>Non- cash items</b>			
Depreciation	10,11	323	380
Impairment of fixed assets	10,11	65	-
Provision provided for in year	18	159	-
Notional Costs		1	-
		<u>548</u>	<u>380</u>
<b>Total</b>		<b><u>3,191</u></b>	<b><u>2,871</u></b>

During the year the Office purchased the following non-audit services from its auditor, Baker Tilly Mooney Moore:

Validation of Impacts of the Northern Ireland Audit Office, £5,000 (2011-12 £5,000).

In 2012-13 the Office paid £25,000 (2011-12 £41,000) to external consultants. This amount comprises £15,000 (2011-12 £31,000) included in Professional Services Bought In disclosed above and £10,000 (2011-12 £10,000) included within Other Staff Costs disclosed in Note 7 to the Accounts.

## 9. Operating Income

	2012-13 £000	2011-12 £000
Income from NAO	255	253
Other Audit Fees	2,046	2,164
NFI Receipts	238	-
Other Income	20	47
<b>Total</b>	<b>2,559</b>	<b>2,464</b>

### 9.1 Analysis of Income from services provided to clients

	2012-13 £000			2011-12 £000		
	Income	Full Cost	Surplus (deficit)	Income	Full Cost	Surplus/ (deficit)
<b>Fee Income</b>						
NAO Agency Fees	255	227	28	253	232	21
Other Financial Audit Fees	1,258	1,308	(50)	1,198	1,287	(89)
Local Government Audit Fees	788	789	(1)	966	938	28
NFI	238	238	-	-	-	-
	<b>2,539</b>	<b>2,562</b>	<b>(23)</b>	<b>2,417</b>	<b>2,457</b>	<b>(40)</b>
<b>Other Income</b>						
CFERs	1			1		
Income from secondments	19			46		
	<b>2,559</b>			<b>2,464</b>		

The Office has a target of recovering the full cost of undertaking fee paying work. The information here is provided solely to meet the requirements of the Department of Finance and Personnel's "Fees and Charges" guide and is not disclosed for the purpose of IFRS 8.

## 10. Property, plant and equipment

	Land £000	Buildings £000	Information Technology £000	Furniture and Fittings £000	Total £000
<b>Cost or Valuation</b>					
At 1 April 2012	350	2,650	401	1,913	5,314
Additions	-	-	38	3	41
Disposals	-	-	(149)	-	(149)
Impairments	(25)	-	(77)	-	(102)
Revaluations	-	(75)	38	33	(4)
<b>At 31 March 2013</b>	<b>325</b>	<b>2,575</b>	<b>251</b>	<b>1,949</b>	<b>5,100</b>
<b>Depreciation</b>					
At 1 April 2012	-	-	276	1,399	1,675
Charged in year	-	70	68	121	259
Disposals	-	-	(149)	-	(149)
Impairments	-	-	(46)	-	(46)
Revaluations	-	(70)	27	28	(15)
<b>At 31 March 2013</b>	<b>-</b>	<b>-</b>	<b>176</b>	<b>1,548</b>	<b>1,724</b>
<b>Carrying amount at 31 March 2012</b>	<b>350</b>	<b>2,650</b>	<b>125</b>	<b>514</b>	<b>3,639</b>
<b>Carrying amount at 31 March 2013</b>	<b>325</b>	<b>2,575</b>	<b>75</b>	<b>401</b>	<b>3,376</b>
<b>Asset Financing</b>					
Owned	<b>325</b>	<b>2,575</b>	<b>75</b>	<b>401</b>	<b>3,376</b>
<b>Carrying amount at 31 March 2013</b>	<b>325</b>	<b>2,575</b>	<b>75</b>	<b>401</b>	<b>3,376</b>

Details of the basis of valuation can be found in Note 1.4 to the accounts.

	Land	Buildings	Information Technology	Furniture and Fittings	Total
	£000	£000	£000	£000	£000
<b>Cost or Valuation</b>					
At 1 April 2011	350	2,650	445	1,889	5,334
Additions	-	-	118	22	140
Disposals	-	-	(159)	(27)	(186)
Revaluations	-	-	(3)	29	26
<b>At 31 March 2012</b>	<b>350</b>	<b>2,650</b>	<b>401</b>	<b>1,913</b>	<b>5,314</b>
<b>Depreciation</b>					
At 1 April 2011	-	-	309	1,283	1,592
Charged in year	-	70	128	122	320
Disposals	-	-	(159)	(27)	(186)
Revaluations	-	(70)	(2)	21	(51)
<b>At 31 March 2012</b>	<b>-</b>	<b>-</b>	<b>276</b>	<b>1,399</b>	<b>1,675</b>
<b>Carrying amount at 31 March 2011</b>	<b>350</b>	<b>2,650</b>	<b>136</b>	<b>606</b>	<b>3,742</b>
<b>Carrying amount at 31 March 2012</b>	<b>350</b>	<b>2,650</b>	<b>125</b>	<b>514</b>	<b>3,639</b>
<b>Asset Financing</b>					
Owned	350	2,650	125	514	3,639
<b>Carrying amount at 31 March 2012</b>	<b>350</b>	<b>2,650</b>	<b>125</b>	<b>514</b>	<b>3,639</b>

Details of the basis of valuation can be found in Note 1.4 to the accounts.

## 11. Intangible Assets

	Software Licences £000
<b>Cost or valuation</b>	
At 1 April 2012	179
Additions	53
Disposals	(25)
Impairments	(25)
Revaluations	27
<b>At 31 March 2013</b>	<b>209</b>
<b>Depreciation</b>	
At 1 April 2012	95
Charged in year	64
Disposals	(25)
Impairments	(17)
Revaluations	17
<b>At 31 March 2013</b>	<b>134</b>
<b>Carrying amount at 31 March 2012</b>	<b>84</b>
<b>Carrying amount at 31 March 2013</b>	<b>75</b>
<b>Asset Financing</b>	
Owned	75
<b>Carrying amount at 31 March 2013</b>	<b>75</b>

	Software Licences £000
<b>Cost or valuation</b>	
At 1 April 2011	147
Additions	100
Disposals	(66)
Revaluations	(2)
<b>At 31 March 2012</b>	<b>179</b>
<b>Amortisation</b>	
At 1 April 2011	102
Charged in year	60
Disposals	(66)
Revaluations	(1)
<b>At 31 March 2012</b>	<b>95</b>
<b>Carrying amount at 31 March 2011</b>	<b>45</b>
<b>Carrying amount at 31 March 2012</b>	<b>84</b>
<b>Asset Financing</b>	
Owned	84
<b>Carrying amount at 31 March 2012</b>	<b>84</b>

## 12. Financial Instruments

As the cash requirements of the Office are met through the Estimates process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body of a similar size. The majority of financial instruments relate to contracts for non-financial items in line with the Office's expected purchase and usage requirements and the Office is therefore exposed to little credit, liquidity or market risk.

The Office has not identified any financial instruments which are complex or play a significant medium to long term role in its financial risk profile.

### 13. Inventories and work in progress

	2012-13 £000	2011-12 £000
Work in progress	445	356

### 14. Trade receivables and other current assets

	2012-13 £000	2011-12 £000
<b>Amounts falling due within one year</b>		
Trade receivables	251	102
Other receivables	34	28
Prepayments	79	112
	<u>364</u>	<u>242</u>
Amounts due from the Consolidated Fund in respect of supply	13	-
<b>Total</b>	<b><u>377</u></b>	<b><u>242</u></b>

Within Other receivables there is £28,000 (2011-12: £22,000) of non-operating income and receipts not classified as accruing resources that will be due to the Consolidated Fund once collected.

Other current assets of £126,000 (2011-12: £140,000) disclosed in the Statement of Financial Position comprise Other receivables of £34,000 (2011-12: £28,000), Prepayments of £79,000 (2011-12: £112,000) and Amounts due from the Consolidated Fund in respect of supply of £13,000 (2011-12: £nil).

There are no amounts falling due after more than one year.



## 14.1 Intra-Government Balances

	Amounts falling due within one year		Amounts falling due after more than one year	
	2012-13 £000	2011-12 £000	2012-13 £000	2011-12 £000
Balances with central government bodies	216	68	-	-
Balances with local authorities	39	28	-	-
Balances with NHS bodies	14	-	-	-
Balances with public corporations and trading funds	-	-	-	-
<i>Subtotal: intra-government balances</i>	<b>269</b>	<b>96</b>	-	-
Balances with bodies external to government	108	146	-	-
<b>Total receivables at 31 March</b>	<b>377</b>	<b>242</b>	-	-

## 15. Cash and cash equivalents

	2012-13 £000	2011-12 £000
Balance at 1 April	247	87
Net change in cash and cash equivalent balances	(259)	160
<b>Balance 31 March*</b>	<b>(12)</b>	<b>247</b>

\*The above balance is held at a commercial bank

## 16. Reconciliation of Net Cash Requirement to increase/(decrease) in cash

	2012-13 £000	2011-12 £000
Net cash requirement	(8,230)	(7,677)
From the Consolidated Fund (Supply)- current year	7,985	7,827
Amounts due to the Consolidated Fund received and not paid over	1	11
Amounts due to the Consolidated Fund received in a prior year and paid in current year	(15)	(1)
<b>Increase/(Decrease) in Cash</b>	<b>(259)</b>	<b>160</b>

## 17. Trade payables and other current liabilities

	Note	2012-13 £000	2011-12 £000
<b>Amounts falling due within one year</b>			
Bank overdraft	15	12	-
VAT		35	46
Trade payables and Accruals		241	256
Employee benefits accrual		313	363
<b>Total excluding amounts due to the Consolidated Fund</b>		<b>601</b>	<b>665</b>
Amounts issued from the Consolidated Fund for supply but not spent at year end		-	231
Consolidated Fund extra receipts due to be paid to the Consolidated Fund:			
Received		1	15
Receivable		128	405
<b>Sub Total</b>		<b>730</b>	<b>1,316</b>
Other payables: capital creditor		5	13
<b>Total</b>		<b>735</b>	<b>1,329</b>

There are no amounts falling due after more than one year.

### 17.1 Intra-Government Balances

	Amounts falling due within one year		Amounts falling due after more than one year	
	2012-13 £000	2011-12 £000	2012-13 £000	2011-12 £000
Balances with central government bodies	195	733	-	-
Balances with local authorities	-	-	-	-
Balances with NHS bodies	-	-	-	-
Balances with public corporations and trading funds	-	1	-	-
<i>Subtotal: intra-government balances</i>	<b>195</b>	<b>734</b>	-	-
Balances with bodies external to government	540	595	-	-
<b>Total payables at 31 March</b>	<b>735</b>	<b>1,329</b>	-	-

**18. Provisions for Liabilities and Charges****2011-12**

	Early departure costs £000	Total £000
Balance at 1 April 2011	68	68
Provided in the year	-	-
Provisions not required and written back	-	-
Provision utilised in the year	(45)	(45)
<b>Balance at 31 March 2012</b>	<b>23</b>	<b>23</b>

**Analysis of Expected Timings**

	Early departure costs £000	Total £000
Not later than one year	19	19
Later than one year and not later than five years	4	4
Later than five years	-	-
<b>Balance at 31 March 2012</b>	<b>23</b>	<b>23</b>

**2012-13**

	Early departure costs £000	Total £000
Balance at 1 April 2012	23	23
Provided in the year	159	159
Provisions not required and written back	-	-
Provision utilised in the year	(19)	(19)
<b>Balance at 31 March 2013</b>	<b>163</b>	<b>163</b>

## Analysis of Expected Timings

	Early departure costs £000	Total £000
Not later than one year	69	69
Later than one year and not later than five years	94	94
Later than five years	-	-
<b>Balance at 31 March 2013</b>	<b>163</b>	<b>163</b>

### Early departure costs

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

## 19. Capital and other commitments

### 19.1 Capital Commitments

At the reporting date the Office has no capital commitments.

## 19.2 Commitments under leases

### 19.2.1 Operating Leases

Total future minimum lease payments under operating leases are given in the table below for each of the following periods.

	2012-13 £000	2011-12 £000
<b>Obligations under operating leases for the following periods comprise:</b>		
<b>Photocopiers:</b>		
Not later than one year	5	7
Later than one year and not later than five years	-	5
Later than five years	-	-
<b>Total</b>	<b>5</b>	<b>12</b>

The contract for the lease of photocopiers will run for four years from January 2010. In addition to the minimum lease payments other amounts are payable based on the usage of the equipment.

### 19.2.2 Finance Leases

The Northern Ireland Audit Office does not hold any finance leases.

## 19.3 Other Financial Commitments

The Northern Ireland Audit Office had no other financial commitments as at 31 March 2013.

## 20. Financial Guarantees, Indemnities and Letters of Comfort

The Office has not entered into any guarantees or indemnities or provided any letters of comfort.

## 21. Contingent liabilities disclosed under IAS 37

The Office had no contingent liabilities as at 31 March 2013.

## 22. Losses and Special Payments

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

## 23. Related Party Transactions

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

None of the Advisory Board or Executive Team or other related parties has undertaken any material transactions with the Northern Ireland Audit Office during the year.

The Northern Ireland Audit Office has had a number of transactions with the Department of Finance and Personnel.

## 24. Events after the reporting period

There were no reportable events between the end of the reporting period and the date the accounts were signed.

### Date of authorisation for issue

The Comptroller and Auditor General authorised the issue of these financial statements on 19 June 2013.





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