

# Executive Summary



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Each year I prepare a report which summarises the results of my financial audit work across central government bodies. This report primarily deals with the results of my audit of 2016-17 accounts, but also reports the outcome of audits for previous accounting periods which I have certified since my last report. It does not encompass my work on bodies within the health and social care sector, which will be addressed in a separate report.

**Section One** summarises the receipts and expenditure of the Northern Ireland Consolidated Fund, a central fund which accounts for such things as receipt of the Northern Ireland block grant and rates income and the distribution of these monies to Northern Ireland departments and other public bodies. This section also provides an update on Voluntary Exit Schemes which I reported on in October 2016<sup>1</sup>.

**Section Two** summarises audit qualifications I have made on the accounts of central government bodies during 2017. My audit qualifications should be viewed in the context that the vast majority of public bodies continue to provide accounts on time and have unqualified audit opinions. There was a rise in the number of qualifications during the year, driven by an increase in excess votes, where I draw attention to departments who have exceeded budgetary limits approved by the Assembly. However, in reality, most of the departments that incurred excess votes on their 2016-17 accounts had followed the correct budgetary procedure by applying for approval for further expenditure through Spring Supplementary Estimates (SSEs). The dissolution of the Assembly in January 2017, however, meant that this process could not be concluded as would normally be the case. Only one department would have incurred an excess vote if Assembly approval had been obtained for the SSEs and further information on this is provided in Section Three.

**Section Three** brings together a number of reports, the majority of which I have attached to accounts. I would draw out a number of common themes emerging from these reports:

- the role played by whistleblowers in identifying malpractice and the importance of timely investigation, reporting and resolution of the issues identified;
- the need for public officials to maintain high standards of conduct in public life, which includes complying with proper procedures and being open and transparent about potential conflicts of interest;
- the importance of proper record keeping to be able to show openness and transparency and to provide evidence of what was considered during decision making;
- the importance of strong governance arrangements and leadership within organisations; and
- the need for adequate, effective checks to ensure that fraudulent activity is prevented or detected.

I am particularly concerned at the number of findings reflecting conduct that falls short of the high standards expected from those in public life. The Principles of Public Life were set out by Lord Nolan in 1995 and are often referred to as the Nolan Principles. They still reflect expectations for public office holders, whether they are elected, appointed or employed, they require:

- Selflessness;
- Integrity;

<sup>1</sup> Northern Ireland Public Sector Voluntary Exit Schemes, Northern Ireland Audit Office, 11 October 2016

- Objectivity;
- Accountability;
- Openness;
- Honesty; and
- Leadership.

All those in public life have a responsibility to comply with these principles in undertaking their roles and making decisions in the public interest.

Included in Section Three:

- My report on the Armagh Observatory and Planetarium draws out a number of issues resulting from investigations into transactions initiated by a former Accounting Officer. The issues raised include purchases made outside of the body's procedures, the misuse of credit cards, the purchase of high value IT equipment and the receipt and recording of hospitality, including that received from a contractor for services not procured in line with proper procedures.
- My report on the Northern Ireland Courts and Tribunals Service Trust Statement – Fines Collection account for 2016-17 outlines my concerns with the system for fine defaulters. Nearly half (£10.9 million) of the £22.1 million debt outstanding at 31 March 2017 is unlikely to be recovered, with less than 25 per cent of fine defaulters being successfully served notice of fine default hearings. Whilst debt collection rates should be improved by a series of initiatives, the creation of a Fine Collection and Enforcement Section with Civilian Collection Officers has been delayed until 2018, due to the need for further secondary legislation.
- My report on Sport NI outlines issues about governance and the completion of accounts for 2014-15 and subsequent years due to poor quality accounts and supporting papers being presented for audit. I would emphasise the need for the production of timely, good quality Annual Reports and Accounts for proper accountability and I would strongly urge the body to now make the completion of these a priority.
- My report on the Independent Counselling Service for Schools reveals concerns surrounding the management of a contract for this service. These concerns were originally brought to my attention by a whistleblower.
- My report on the Land and Property Service's Rates Levy Account for 2016-17 includes details of the qualification of my audit opinion due to the level of fraud and error in housing benefit administered during 2016 and covers the circumstances of an internal fraud.
- My report on the Northern Ireland Housing Executive (NIHE) deals with qualifications to my audit opinion on the 2016-17 accounts in respect of insufficient evidence of controls operating over planned maintenance expenditure and the level of housing benefit fraud and error. It also identifies deficiencies in how the governance arrangements operated with regard to a specific whistleblower allegation.
- In my report on Direct Award Contracts I am pleased to note the reduction in the number and value of contracts let by departments and

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their executive agencies in a non-competitive way since 2013-14, and welcome the progress made.

It is clear throughout this General Report that central government bodies continue to make efforts to improve their control systems, but that further work is needed to resolve weaknesses. It is critical that bodies ensure basic controls are in place and operating effectively to prevent the misuse of public funds.

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