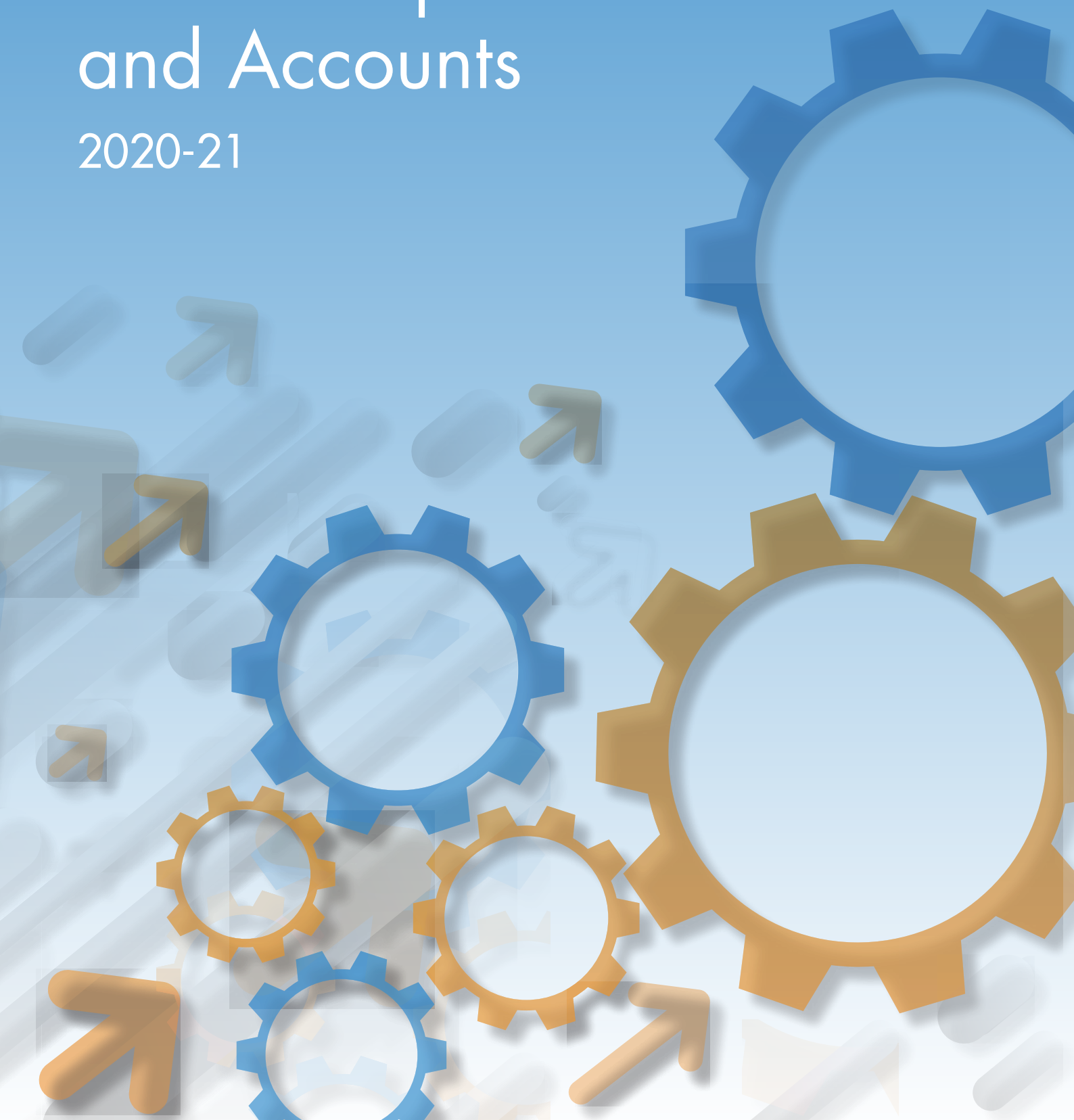




Northern Ireland Audit Office

# Annual Report and Accounts

2020-21





**Northern Ireland Audit Office Annual Report and Accounts**  
**For the year ended 31 March 2021**

*Laid before the Northern Ireland Assembly by the*  
*Department of Finance under*  
*paragraph 4(2) of Schedule 2 to the*  
*Audit (Northern Ireland) Order 1987*  
*on*  
08 July 2021



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# Performance Report



**137**  
Accounts Audited

**123** Central Government  
**14** Local Government



**22**  
Public Reports

- 6** Value for Money Reports
- 1** Emerging Issues Report
- 2** Impact Reports
- 3** Good Practice Guides
- 2** Local Government Reports
- 1** NFI Report
- 1** Other Report
- 6** Financial audit based reports



**£60**  
Million  
in savings for the taxpayer



**National Fraud Initiative**

Co-ordinated the National Fraud Initiative in Northern Ireland



**Prompt Payment of suppliers\***

98.3% within 30 days  
92.3% within 10 days



**8**  
MLA queries dealt with



**47**  
Disclosures about the use of public money

\*For the period 1 October 2020 to 31 March 2021; due to COVID-19 restrictions, statistics are not available for the period 1 April 2020 to 30 September 2020

## OVERVIEW

The purpose of this overview is to provide a short summary of the Northern Ireland Audit Office's structure, purpose and performance during the year. It also sets out the key risks to the achievement of our objectives, providing sufficient information for users to form a high level understanding of our organisation and its performance



### Chairperson's Statement

The role of the Advisory Board is to provide objective and impartial advice to the Comptroller and Auditor General (C&AG) and to assist him in the discharge of his functions. This involves oversight of the operation of the Northern Ireland Audit Office (NIAO) and its administrative activities but does not extend to the independent reporting on the Northern Ireland Assembly's use of public money, which remains the C&AG's sole responsibility under legislation.

The year to 31 March 2021 has been unprecedented. It was a year in which the full impact of the COVID-19 pandemic has affected all of our lives and the NIAO has had to adjust to new ways of working. I am pleased to report that the NIAO was able to continue to deliver our statutory functions and meet stakeholder expectations in a way you have come to expect.

During a period when new terminology, such as social distancing, lockdown, furloughing and reducing the R-number, has become commonplace, we as a Board have sought to support the C&AG in meeting the challenges and enhancing the impact of the NIAO in both safeguarding public money and improving public services. Throughout the pandemic, our focus has primarily been on the safety and wellbeing of our staff and clients, particularly any who are vulnerable. We recognise that our staff are and continue to be resilient, embodying the values of our organisation by not only adapting to changing work patterns but embracing them. This positive response has been replicated across the Northern Ireland public sector and gives us confidence that we will be able to continue to undertake our audit work, whether financial audit or public reporting, to assist the public sector to emerge stronger from the pandemic and with a renewed focus on the key priorities of the community and quality of life.

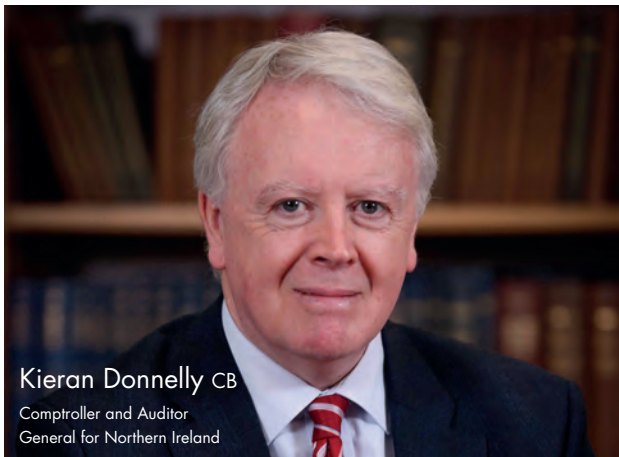
The focus of the Advisory Board remains on supporting the C&AG and delivery of our Strategic Plan through our Business Transformation Programme streams. We have had to transform the way in which we operate in response to the challenges of the pandemic and the positive lessons learned will be incorporated into new working practices which will continue as we move forward. Our staff have worked remotely from home for most of the financial year and on behalf of the Board, I want to congratulate them on the flexibility, adaptability and commitment which they have demonstrated throughout the crisis. Our response clearly demonstrates the benefits of the continuity planning and resilience management that were already in place before the COVID-19 pandemic emerged.



We are also acutely aware that some of our staff and clients will have lost a family member, or a friend, or a colleague, as a result of the pandemic and we offer them our deepest condolences. The year to 31 March 2022 will continue to be challenging but with some hope for a return to normality with the coronavirus vaccine rollout. The NIAO will continue to deliver on our core purpose as set out in our recently issued Strategic Plan and the Advisory Board is committed to supporting the pursuit of best practice and maintenance of the highest professional standards.



**Martin Pitt**  
**Chairperson**  
**02 July 2021**



## Comptroller and Auditor General's Statement

I am pleased to present the Northern Ireland Audit Office (NIAO) Annual Report and Accounts for 2020-21 to the NI Assembly. This has been a year without precedent, when we learned to live and work through the COVID-19 pandemic and all the issues it threw at us, and navigated the outworkings of the UK exit from the EU, whilst continuing to deliver on the Programme for Government.

Throughout this reporting period, collaboration with our stakeholders has been key. In recognising that we could not proceed in the normal manner, I decided to suspend publication of NIAO reports while the NI public sector dealt with the significant and immediate challenges of the pandemic and resulting lockdown.

I also took the opportunity to re-prioritise the Office's Public Reporting Programme. In the financial audit field, whilst maintaining and further enhancing our relationships with our auditees, in particular with the Department of Finance, I extended the dates for the submission of accounts and the completion of the audits. This gave the public sector the breathing space it needed to deliver its services in a time of great need to the local taxpayer and ratepayer.

I continue to work closely with the NI Assembly, particularly the Northern Ireland Assembly Audit Committee (NIAAC) and the Public Accounts Committee (PAC). I welcome the review currently being conducted by NIAAC of "Governance and Accountability Arrangements for the NIAO [and NIPSO]" and I have already provided significant input to this process. Such an exercise is an opportunity to enhance my Office's accountability and scrutiny to the Assembly, whilst also enshrining the independence of the C&AG's function as the auditor for the NI Assembly and an Officer of the House.

Following on from the public enquiry into the Renewable Heat Incentive (RHI) Scheme, reported on 13 March 2020, one of the key recommendations was that my Office should assess and validate the extent of progress in implementing the lessons learned. To conduct this exercise, I have sought and been granted sufficient additional resources to enable me to perform this function and to report my findings periodically to the NI Assembly. This will be an important piece of work for my Office which I will report on in 2021-22 and beyond, and is a challenge I look forward to addressing.

Despite the circumstances we found ourselves in, I decided to proceed with the development of a new Corporate Plan for the period 2021-24. This sets out my Office's three key strategic priorities for the next three years, detailing how we will continue to meet the needs of our stakeholders in delivering independent scrutiny and reporting on Northern Ireland's public sector finances. This was completed following extensive engagement with our key stakeholders, politicians, public sector leaders, our Advisory Board and our own employees.

The Business Transformation Programme (BTP) continues to evolve. Set against the background of the Office's key strategic

priorities, the programme is a means by which I can ensure that we continue to deliver high quality, efficient and effective internal and external services both now and in the future. As it moves into Phase II, the programme structure continues to revolve around the five key pillars of People, Digitalisation, Governance and Audit Practice, Communication and Engagement and the Working Environment. New work streams have been introduced as others have been completed, creating a dynamic and challenging environment for my staff. We are continuing to introduce modern and innovative working practices through investment in technology, as we progress our data analytics and management information projects.

Addressing the Working Environment strand of BTP, the Office is currently in the middle of a major office refurbishment exercise. This project has proceeded unabated by the constraints of COVID-19. As a result we have decanted to temporary accommodation and plan to return to our newly refurbished building in Summer 2022.

Our achievements in 2020-21 have been wide-ranging, particularly considering the onset of the pandemic, the closure of the building for over three months and the need for staff to work remotely. Despite such impediments, my staff have delivered 137 accounts across the central and local government sectors and produced 22 public reports on the findings of our financial audit work and on a wide range of subjects including reducing costs in PSNI, workforce planning for nurses and midwives, special educational needs, capacity and capability in NICS and generating electricity from renewable energy.

We have also produced good practice guides on Raising Concerns, COVID-19 Fraud Risk and Procurement Fraud Risk, each of which

were timely documents which have been well received across the public sector and beyond. Demonstrating value for money in our own work is hugely important, and I am pleased to report that last year my Office delivered savings to the public purse of almost £60 million.

I want to take this opportunity to thank the Board, led by Chair Martin Pitt, for their support. Over this particularly difficult period, their objective and impartial advice has been invaluable in the discharge of my functions.

They continue to bring me independence of thought, advice on business transformation and on the use of resources, gained by their vast experience and expertise in both the public and private sectors.

I also wish to thank my staff who never fail to inspire me with their drive, enthusiasm, insight and their humour. They have confronted and embraced each of the challenges as they arose, and they have done this with a positive mindset and a willingness to be flexible in the delivery of the work. They are undoubtedly my greatest asset as I strive to fulfil the Office's vision to "Inspire confidence in public services through independent scrutiny based on impartial and innovative reporting."



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

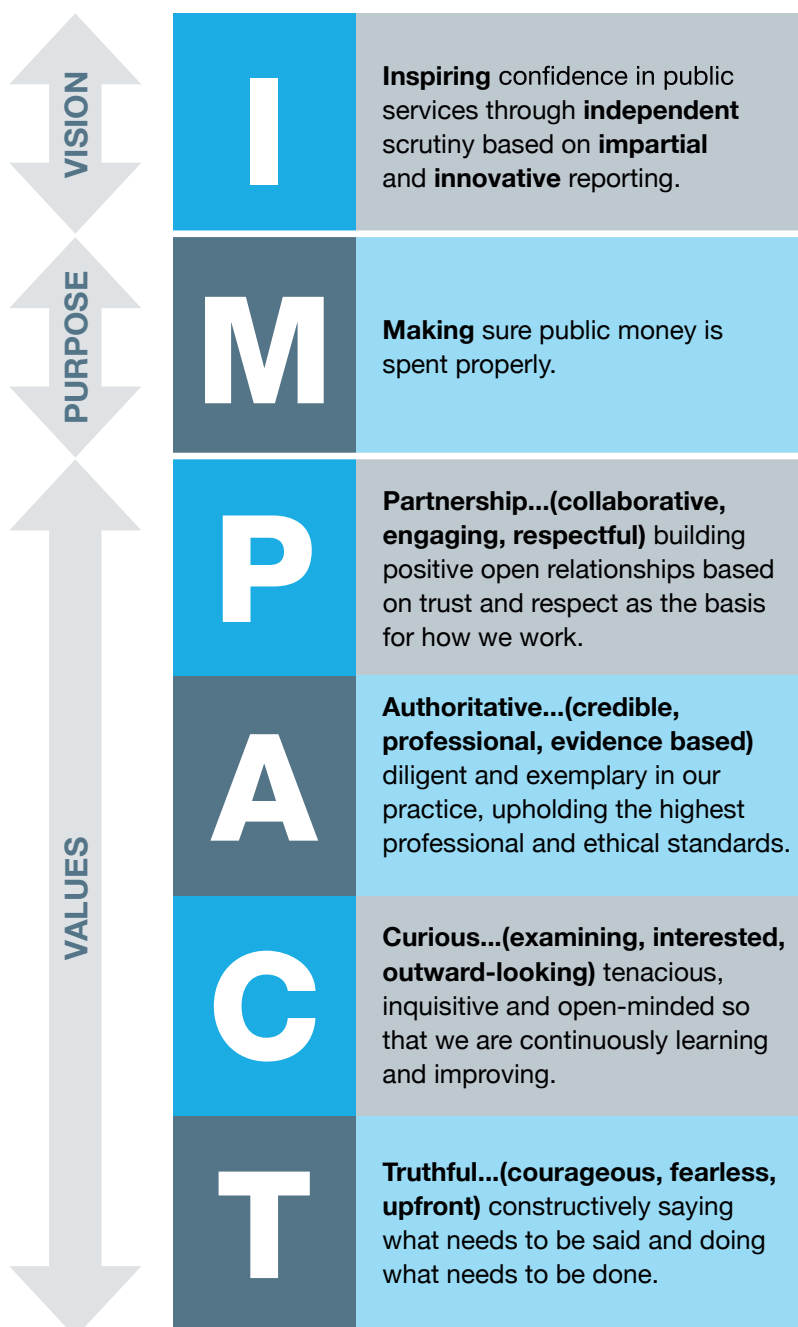
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## Purpose and activities of the NIAO

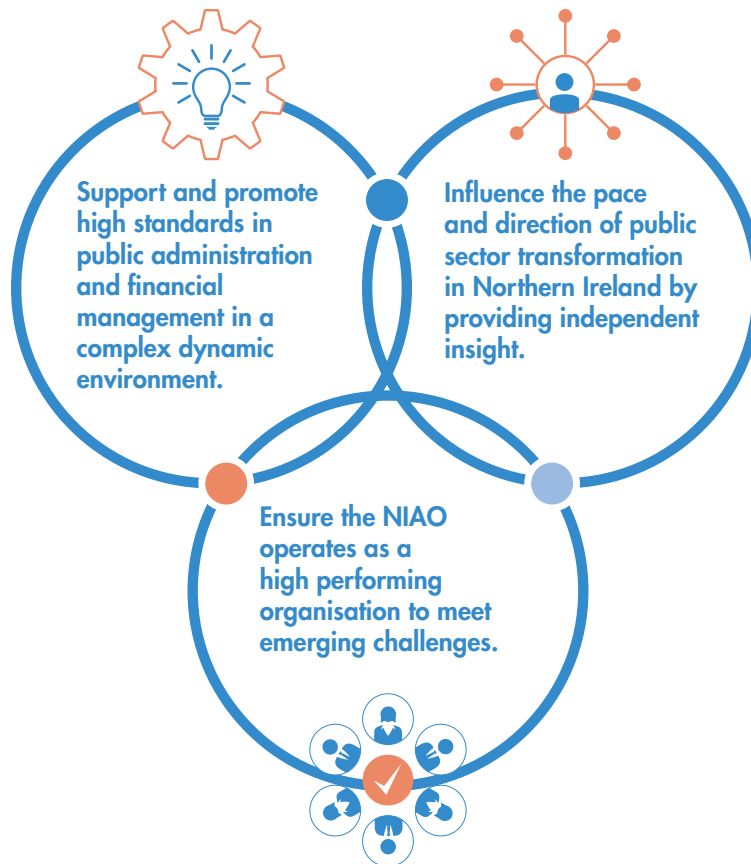
### Our role

The Northern Ireland Audit Office ("the NIAO" or "the Office"), established in 1987, has a pivotal role in helping to build a modern, high performing public service that is accountable to taxpayers and citizens. We do this by providing objective information, advice and assurance on how public funds have been used and accounted for, and encouraging best standards in financial management, good governance and propriety in the conduct of public business.

### Our vision, purpose and values



## Our strategic priorities



Further information is set out on page 37.

## Our independence

The head of the NIAO, the Comptroller and Auditor General ("the C&AG"), 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 who assist him in the delivery of his statutory functions. The C&AG and the NIAO are totally independent of government.

## Our accountability

The NIAO and the Northern Ireland Assembly Audit Committee (NIAAC), which oversees NIAO performance, have agreed a Memorandum of Understanding on the governance and accountability of the Office. The Memorandum, which is available on the [Northern Ireland Assembly website](#), sets out:

- the values and standards of the NIAO in carrying out its work;
- the internal governance arrangements of the NIAO and, in doing so, provides confidence to the Assembly and wider public regarding the arrangements for the governance and accountability of the NIAO; and
- the commitments of the C&AG and the NIAO to NIAAC on the actions they will take to uphold transparency and manage public money effectively.

These arrangements are currently being revisited by NIAAC as part of its review of "Governance and Accountability Arrangements for the NIAO [and the Northern Ireland Public Services Ombudsman]."

## Our work



### Financial Audit

Carrying out annual financial audits of government departments and arm's length bodies is 65 per cent of the NIAO's core business.

- **Central Government** - The C&AG 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, and to report the results to the Assembly. Conducting the financial audits involves direct interaction with, and insight into, every public organisation in Northern Ireland. Through these audits, the NIAO gathers intelligence on how the public sector is operating, its main challenges and any emerging issues. This informs the NIAO's public reporting work programme.
- **Local Government** - The Department for Communities may, with the consent of the C&AG, designate a member of staff of the NIAO as the Local Government Auditor (LGA). The LGA, assisted by NIAO staff, is responsible for the audit of all local government bodies.



### Public Reporting

The NIAO's Public Reporting Programme is planned over a three-year rolling time frame and focuses on the most important issues facing the public sector in Northern Ireland. The range of work has widened from traditional value for money studies to shorter, fact-based reports and impact reports which assess the progress made on key issues from earlier reports. The programme includes significant work in the local government arena and addresses important cross-cutting issues that lie beyond the boundaries of any single government department.



### Support to the Northern Ireland Assembly

The C&AG provides the Northern Ireland Assembly with independent support to enable it to hold public bodies to account for their financial management and the value for money they provide to the taxpayer for the public funds they spend. The main engagement is through the support the NIAO provides to the Public Accounts Committee (PAC). Based on the evidence presented by the NIAO, the PAC publishes its own report and recommendations to the Assembly. The Finance Minister is then required to respond formally to these recommendations, specifying the action the audited body intends to take. The NIAO monitors the action taken and may revisit an issue where insufficient progress has been made.



### Tackling Fraud

The NIAO promotes good practice in governance arrangements and helps to combat fraud. NIAO staff attend the audit committees of all the audited bodies, providing support, advice and guidance to both non-executives and senior staff. The NIAO provides training through programmes developed by the Chief Executives' Forum. The NIAO maintains a small counter fraud unit which provides support, advice and guidance on fraud related matters to public sector organisations. The key functions of this unit include local co-ordination of the biennial National Fraud Initiative (a UK-wide data matching exercise) and processing concerns raised by, among others, public sector employees, contractors and the wider public

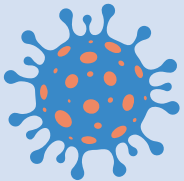
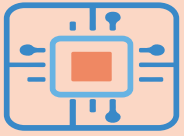




### Comptroller Function



The C&AG is responsible for authorising the issue of money from the Northern Ireland Consolidated Fund to enable Northern Ireland departments to meet their necessary expenditure, and for ensuring that there are adequate arrangements for the collection of revenue. This provides independent assurance to the Assembly that spending by government departments is lawful and within the scope, amount, and period of the appropriation or other authority, and it supports the important constitutional principle that the Executive cannot spend, borrow, or impose a tax without the Assembly's approval.

## Key issues and risks

A number of challenges and developments in our operating environment are summarised as follows:

<b>Coronavirus</b> 	<p>From 18 March through to 2 July 2020, the Office took the unprecedented step of closing its premises as a result of government advice and guidance in response to the threat of the coronavirus. All staff moved immediately to remote working from home. When our premises did re-open (on a two-days-per-week basis), attendance at the Office was always on a voluntary basis. Since then, the Office has remained open at least one day per week, excluding a two week period over Easter, at each stage taking cognisance of government guidelines. The Management Team and the Office's Coronavirus Working Group have met and will continue to meet on a regular basis to monitor and plan the short and long-term response to this situation. The timelines have been reset for reporting and auditing of financial statements and our public reporting programme has been revised.</p>
<b>Digitalisation</b> 	<p>We continue to develop our skills and capabilities to audit digital systems as we progress our Small Business Research Initiative (SBRI) project on data analytics. The GovTech Board decided to withdraw funding from the value for money analytics project following the onset of the COVID-19 pandemic, as it did not consider that it was achievable within the set timescales. However, in collaboration with other public audit agencies, we successfully applied to the local SBRI fund to secure funding to proceed with phase two of the financial audit analytics project. We anticipate that this will allow the two appointed suppliers to fully develop a product which will enable audit teams to import, analyse and interrogate datasets from multiple financial reporting systems.</p>
<b>Budgetary Constraints</b> 	<p>From 2011-12 to 2018-19, we reduced our net resource requirement by 26%, from £8.1m to £6.0m in cash terms (38% in real terms), on a like for like basis. Savings during this period were achieved primarily through reductions in staff numbers, a change in senior management structures and the implementation of a staff Voluntary Exit Scheme. However, since 2019-20 our expenditure has increased, and for 2021-22, we have sought and obtained a 5.1% increase in our budget. This will enable us to increase our focus on staff, aligning skills, cost and efficiency, as well as on quality and governance as part of the Business Transformation Programme. We also obtained the necessary capital funding for our Office accommodation project.</p>
<b>Resourcing</b> 	<p>Full Time Equivalent (FTE) staff numbers have increased by 12 (12%), from a total of 102 in 2019-20 to 114 in 2020-21, albeit this has fallen from a peak of 140 in 2011-12.</p> <p>In the reporting period, there have been 4 leavers and 13 new starts, with the focus on recruitment being for auditors (6), graduate trainees (3), apprentices (3) and one Learning and Development Officer.</p>



<b>Governance Structure</b> 	<p>The Northern Ireland Assembly Audit Committee is currently conducting a review of the governance and accountability arrangements for the NIAO. Under the current structure, introduced in 2018-19, the Advisory Board provides objective and impartial advice to the C&amp;AG, and assists him in the discharge of his functions. To provide support in these functions, the Board has an Audit and Risk Assurance Committee to review the comprehensiveness of assurances on systems of internal control, risk management and corporate governance, and a Remuneration Committee to advise on issues including terms and conditions of employment such as job descriptions, pay settlements, talent management and succession planning arrangements.</p>
<b>Brexit</b> 	<p>We continue to plan for the outworkings of the UK withdrawal from the EU post 31 December 2020 as the negotiations on future relations between the parties remain ongoing. Uncertainty remains around the outworking of the process, what its impact will be on government reform and the knock-on effect it will have on the work of our Office. However, we have agreed with the UK Coordinating Body to continue working on the European Agricultural Fund audit over the next three years, focusing on Rural Development expenditure.</p>

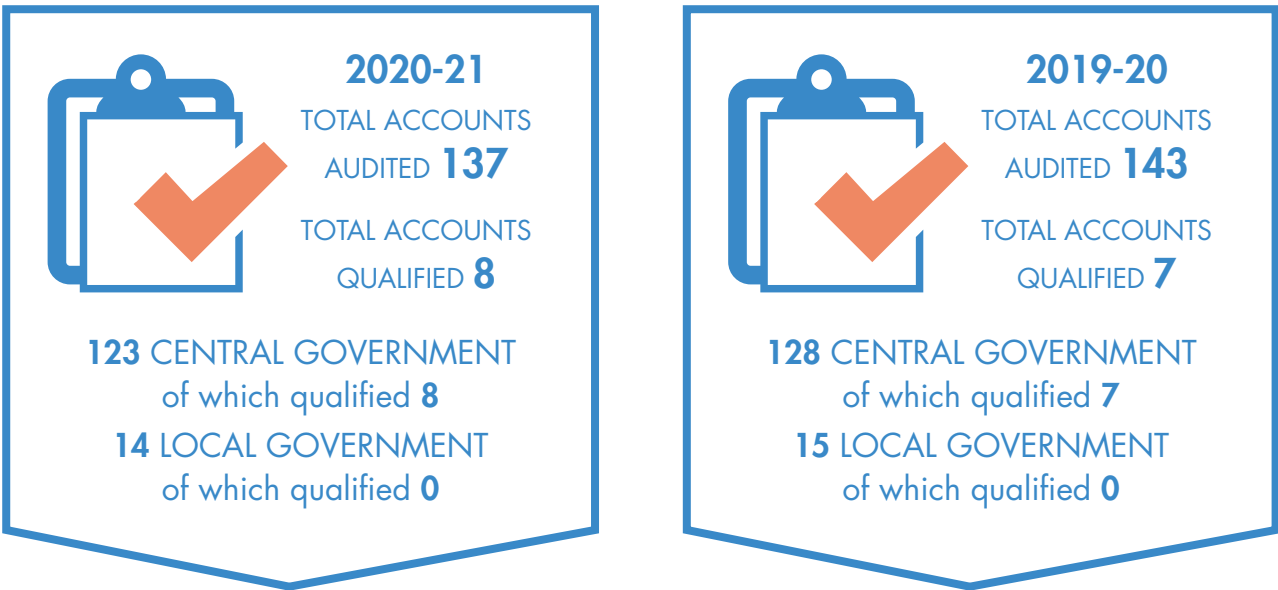
# PERFORMANCE ANALYSIS

## Our performance

The NIAO Corporate Plan 2021-24 (available on our [website](#)), sets out the Office’s role, strategic priorities and impact indicators. It also examines the funding required to achieve these.

## Financial audit

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



## Central Government

The C&AG 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, 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 2020-21, we certified 137 central and local government accounts (2019-20: 143). The decrease in the number of accounts certified is largely due to the impact of COVID-19. As a direct result of the pandemic, the dates for 2019-20 accounts and audits were extended as follows:

- Central government accounts to be submitted by 4th August, with the statutory deadline for certification 31st October.
- Local government accounts to be submitted by 31st August, for certification by 31st December.
- Whole of Government Accounts were progressed in line with a new timetable of 4th December.

For the audit of central government bodies, there is an explicit requirement for the auditor to provide an additional audit opinion on whether, in all material respects, expenditure and income have been applied for the purposes intended by the Assembly and conform to the authorities which govern them; a regularity opinion.

If at the end of an audit we consider that the accounts do not present a true and fair view, that expenditure and income have not been incurred in line with Assembly intentions, nor conform to the authorities which govern them, then the C&AG will qualify his opinions on the accounts. Eight central government accounts were qualified in 2020-21 (2019-20: 7), with some accounts receiving more than one qualification, and a further two opinions were modified (but not qualified). In these cases, and in other cases where there are significant issues arising, we make a report to the Assembly which may be considered by the 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. We liaise with management to obtain their response to the issues identified.

During 2020-21, we continued to work with the Office of the Comptroller and Auditor General in Dublin on the shared audit and certification of North-South bodies. We also continued to have close working arrangements with the National Audit Office for the accounts we audit on its behalf. This is a significant workload and includes audits of the European Agricultural Funds, National Lottery Funding and Whole of Government Accounts.

## Local Government

A senior member of NIAO staff is designated by the Department for Communities, with the consent of the C&AG, as the Local Government Auditor. Until her departure on 28 February 2021, Pamela McCreedy, the Office's Chief Operating Officer, undertook this function. Following Mrs McCreedy's departure, Colette Kane, an NIAO Director, was appointed interim Local Government Auditor (LGA). The LGA, assisted by NIAO staff, is responsible for the audit of local government bodies. In 2020-21 we completed the audits of 14 local government accounts (2019-20: 15). None of the opinions on the local government accounts certified in 2020-21 were qualified (2019-20: nil).

## Public Reporting

The Office produces a wide range of public reports each year, reflecting its broad audit remit.



The reports completed in 2020-21 are shown below. Copies of the full reports can be obtained from our [website](#).

### Value for Money Reports

Our examinations into economy, efficiency and effectiveness (value for money) consider how public bodies use their resources. 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:

- The Management and Delivery of the Personal Independence Payment Contract in Northern Ireland
- Capacity and Capability in the Northern Ireland Civil Service
- Generating Electricity from Renewable Energy
- Workforce Planning for Nurses and Midwives
- Addiction Services in Northern Ireland
- Reducing Costs in the PSNI

### Emerging Issues Report

- The LandWeb Project: An Update

## Impact Reports

- Managing Children Who Offend: Follow-Up Report
- Impact Review of Special Educational Needs

## Good Practice Guides

- Procurement Fraud
- COVID-19 Fraud Risks
- Raising Concerns: A Good Practice Guide for the Northern Ireland Public Sector

## Other

- The Executive Office - Annual Report and Accounts 2019-20
- Report by the Comptroller & Auditor General on the Legal Services Agency Northern Ireland - Annual Report and Accounts 2019-20
- Report by the Comptroller & Auditor General on the Driver and Vehicle Agency Northern Ireland Annual Report and Accounts for the Year Ended 31 March 2020
- Overview of NI Executive's Response to the COVID-19 pandemic
- Report by the Comptroller & Auditor General on the Department for the Economy and Invest Northern Ireland Annual Report and Accounts for the Year Ended 31 March 2020
- Report by the Comptroller & Auditor General on the Education Authority Annual Report and Accounts for the Year Ended 31 March 2019
- The National Fraud Initiative: Northern Ireland

## Local Government Reports

- Local Government Auditor's Report 2020
- Managing Attendance in Central & Local Government

## Value for Money Reports

Our examinations into economy, efficiency and effectiveness (value for money) consider how public bodies use their resources. 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 resources have been managed and services delivered. In 2020-21, these covered a range of topics across the Northern Ireland public sector in areas such as health, education, energy, social welfare and justice. In these reports, we sought to

measure performance, identify the factors underlying that performance, and offer practical recommendations aimed at adding value.

### Good Practice Guides

“Raising Concerns: A Good Practice Guide for the Northern Ireland Public Sector” was published on 25 June 2020. This guide is aimed at helping employees and public sector organisations to understand the value of an open and honest reporting culture. While aimed primarily at public sector organisations and their employees, the Guide also includes information for the general public on how they can raise concerns and how these should be treated by organisations.

A good practice guide on COVID-19 Fraud Risks was issued on 1 September 2020, which highlighted that the risk of fraud had increased with the onset of the coronavirus pandemic. This short guide drew together information issued by a range of counter fraud organisations on existing and emerging fraud risks, to provide a quick reference for NI public sector organisations on the key risks and mitigating controls.

On 24 November 2020, we published a guide on Procurement Fraud risks. Public procurement is vulnerable to fraud and corruption because of the level of expenditure, the volume of transactions, the complexity of the process and the number of stakeholders involved, and these risk factors increased significantly as a result of the COVID-19 pandemic. Fraud can only be tackled effectively if it is identified, measured and reported, so the guide was developed to help public sector organisations recognise the nature and level of procurement fraud, and to highlight effective controls which can be put in place.

### Local Government Reports

Under the Local Government Act (Northern Ireland) 2014, the Local Government Auditor has a statutory duty<sup>1</sup> to publish a Local Government Annual Improvement Report for each council. The purpose of these reports is to identify if councils have discharged their duties in relation to improvement planning and if they are likely to comply with the requirement to make arrangements to secure continuous improvement in the exercise of their respective duties. It was not possible to publish the Local Government Improvement Reports this year as the Department for Communities (the Department) suspended the requirements for Councils to produce and have audited improvement plans for 2020-21. We are working with the Department and Councils to consider arrangements going forward.

The Local Government Auditor published an annual report on the exercise of her functions in December 2020 which commented on a range of topics arising from her audit work. A further report, produced in conjunction with the C&AG, was also published on “Managing Attendance in Central and Local Government in the reporting period.

### Governance and fraud prevention and detection

The Office works closely with audited bodies to promote good practice in governance arrangements and help combat fraud. Good governance structures which are well embedded

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<sup>1</sup> Sections 93-95 of the Local Government Act (Northern Ireland) 2014.

in organisations are a key attribute to achieving corporate goals and are crucial in times of financial constraint. During this financial year, despite the challenges of COVID-19, we attended the audit committees of all our audited bodies, albeit remotely on most occasions, providing support, advice and guidance to both non-executives and senior staff. We continue to work with bodies to further enhance their governance arrangements.

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 governance and were aimed at a number of different groups including Accounting Officers, Senior Managers, Board Members and Audit and Risk Assurance Committee Members.

We continue to support public sector bodies as they maintain their fight against fraud. Ongoing budgetary pressures and the unprecedented impact of the COVID-19 pandemic, with the increased risk of fraud that it has brought, mean that public bodies must continue to use all means at their disposal to prevent and detect misuse of public funds. Only in this way can frontline resources be maximised.

We maintain a small counter fraud unit which provides support, advice and guidance on fraud related matters to public sector organisations. In light of the challenges of COVID-19, the unit produced two fraud risk guides during 2020-21. These helped to raise awareness across the NI public sector of the particular fraud risks associated with the pandemic and, in more detail, the fraud risks around procurement. The guides are available on our [website](#).

A key focus continues to be the prevention and detection of fraud and error through data matching. Data matching involves comparing pieces of data or information held by one organisation against other records held by the same or another organisation, in order to highlight potentially fraudulent claims and payments.

Since 2008 we have participated in the National Fraud Initiative (NFI), a UK wide data matching initiative to combat fraud and error, which runs every two years. The seventh exercise in Northern Ireland is currently underway and will include a new area of data matching relating to business support grants paid out in response to the COVID-19 pandemic. The previous six exercises identified a total of almost £40 million of fraud and error. The C&AG's reports on the NFI exercises are available on our [website](#). We encourage public sector bodies to make the NFI a key part of their counter fraud strategies.

## Raising Concerns

The Comptroller and Auditor General and the Local Government Auditor are prescribed persons under public interest disclosure legislation. Part of the Office's counter fraud role is considering public interest concerns raised by, among others, public sector employees, contractors and the wider public. During 2020-21, we published a new good practice guide on Raising Concerns, available on our [good practice guide webpage](#).

In 2020-21, 47 disclosures about the use of public money were received (2019-20: 49 cases). Disclosures are encouraged, dealt with professionally and treated in confidence, as appropriate.

Nature of concern	2020-21	2019-20
Grant-related fraud	1	2
Non-entitlement to/misuse of public funds	10	10
Procurement/Contracts	5	4
Conflict of interest	2	1
Failure to follow proper procedures	10	5
Planning issues	4	6
Governance issues	5	13
Other	10	6
No remit	0	2
<b>Total Cases</b>	<b>47</b>	<b>49</b>

Of the 47 disclosures, 19 related to our local government remit, two of which were received from councillors. In 2019-20, 18 disclosures related to local government, two of which were received from councillors.

### MLA queries

We also pursue concerns raised with us by elected representatives. In 2020-21, Members of the Legislative Assembly (MLAs) raised eight separate concerns, all of which we have followed up (2019-20: 11 cases). Some remain under investigation.

Nature of concern	2020-21	2019-20
Non-entitlement to/misuse of public funds	4	5
Failure to follow proper procedures	1	0
Procurement/contracts	0	1
Planning issues	1	0
Other	1	4
Conflict of Interest	1	1
<b>Total Cases</b>	<b>8</b>	<b>11</b>

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

We provide the Northern Ireland Assembly with independent support to enable it to hold the Executive 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 the Public Accounts Committee (PAC). We present our reports to the Assembly and many of these form the basis of the PAC's inquiries, at which it takes evidence from the senior departmental officials involved. Reports not taken by PAC are released to the Assembly's Statutory Committees and can sometimes form the basis for their own inquiries.

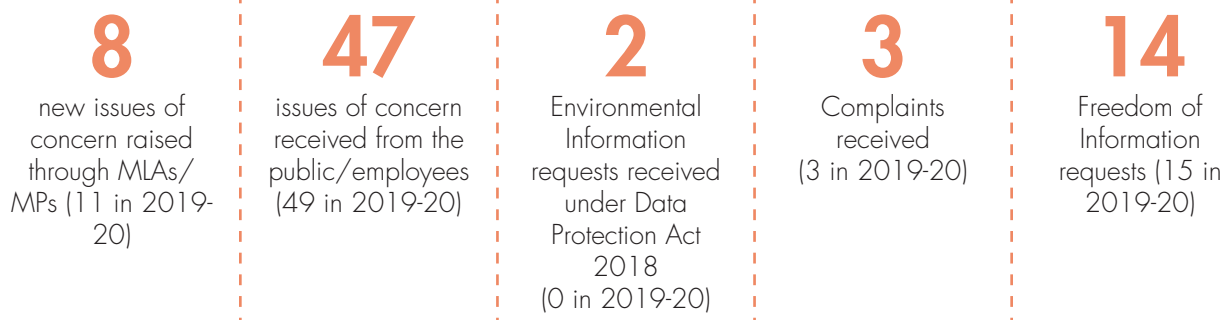


Following consideration of the evidence at its inquiries, the PAC publishes its own reports which include recommendations to departments and other public bodies. Relevant departmental Ministers, supported by Executive colleagues, are then required to respond to these recommendations, specifying the action the audited body intends to take. We monitor the action taken and may revisit an issue where we consider that insufficient progress has been made.

As a result of the COVID-19 pandemic, the PAC temporarily suspended its meetings from the 19 March until the 27 May 2020. This was to enable senior government officials to focus on ensuring that public services continued to be delivered during the pandemic. During this period we advised our auditees that public audit would not get in the way of the efforts of severely stretched public bodies in dealing with the pandemic. We continued to publish our reports, excluding health related matters, and present them to the Assembly as we awaited the return of the PAC. When the PAC reconvened in May we recommenced our support, resulting in the selection of six of our reports by the PAC to form the basis of new inquiries. By the end of the financial year four of these inquiries had been completed. The outcome from these inquiries included the publication of four PAC reports, together with wide reaching recommendations which, when implemented, should enhance the effectiveness and efficiency of public services going forward.

### Responding to Citizens

We continue to receive enquiries from a wide range of people about the bodies we audit. Where appropriate, we may carry out further audit work in response.



### Stakeholder Engagement

Effective communication and engagement with stakeholders is vital to the NIAO. It informs and influences what we do, and helps build awareness, trust and confidence in those interested in and affected by our work. We remain committed to open, two-way communication that involves us listening to our stakeholders; keeping them informed; and being clear about how their contributions are being used. It is about recognising and understanding stakeholders' individual values, beliefs, perceptions and ideas, while maintaining our independence and impartiality.

We have continued to build on our work to engage with internal and external stakeholders, this year working through the action plan which evolved from our Communications and Engagement Strategy. This strategy has continued to guide us in planning and undertaking engagement activities in support of our key strategic priorities.

As well as maintaining sustained dialogue and interaction, in May 2021 we issued our latest survey to all audited bodies across central departments, local government and NDPBs. Of the 111 questionnaires issued, 65 responses were received. This survey collected feedback on audited bodies' experiences of working with the Office during the previous twelve months, both in relation to public reporting and financial audit. Of the responses received:

**97%**

Agreed or strongly agreed that NIAO audit staff provided a high quality and professional service

**97%**

Agreed or strongly agreed that the NIAO's work leads to improvement in public services

**92%**



Agreed or strongly agreed that our auditors were responsive to the challenges faced during the pandemic


**98%**

Agreed or strongly agreed that our good practice guides are a useful resource

**82%**

Agreed or strongly agreed that our Public Reporting Programme addresses salient issues and challenges stemming from the COVID-19 pandemic

We are active on social media, publishing on both Twitter  (@NIAuditOffice) and LinkedIn . Content continues to cover new reports, corporate events and miscellaneous news on organisational and staff achievements. Audiences on both platforms have increased over the last 12 months, with followers on Twitter increasing by 25 per cent and LinkedIn followers increasing by 81 per cent.

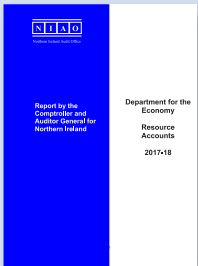


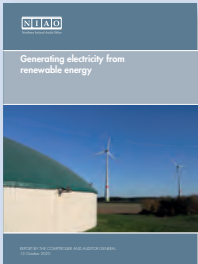
We have also introduced the use of both video and animation to our media portfolio through our social media handles and the establishment of an NIAO YouTube  channel. This has further enhanced our outreach with over 4,000 views being achieved in the first 11 months.

## Impacts

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

During 2020-21, quantitative financial impacts of £60 million were achieved as a result of the work of the Office (2019-20: £63.28 million). This figure has been independently validated by the Office's External Auditor and represents 8.2 times the net resource outturn of the Office (2019-20: 9.5 times).

The following examples demonstrate the main financial impacts achieved during 2020-21:

NIAO REPORT	IMPACT
	<p><b>Renewable Heat Incentive (RHI)</b> – Our work previously identified that the tariff paid to applicants to the scheme before November 2015 was greater than the cost to produce the heat, which therefore incentivised those applicants to unnecessarily burn more fuel. We had a direct impact in reducing tariffs paid to all applicants and also in changing the behaviour of applicants once our first report was published in 2016.</p> <p>£49.6 million (cumulative impact of £162 million)</p>
	<p><b>General Report on Health &amp; Social Care Sector 2012-13 and 2013-14</b> – As a result of our recommendations, a number of fraud investigations were undertaken, resulting in estimated annual savings of some £3.8 million. We agreed a proportionate share of the savings – £0.76 million in the current year.</p> <p>£0.76 million</p>
	<p><b>Primary Care Prescribing</b> – Following our 2014 report, the HSC Board developed a prescribing efficiency plan for the primary care drugs budget. The HSC Board reported efficiency savings of £15.1 million. We agreed a proportionate share of these savings - £3.02 million in the current year.</p> <p>£3.02 million</p>
	<p><b>Reform of Legal Aid Remuneration for Legal Aid Providers</b> Savings arising from the introduction of Crown Court Rules 2016 are forecast to save £5 million per year. Our report and PAC's report contributed to this position and we have agreed a proportionate share of the savings.</p> <p>£2.5 million</p>
	<p><b>Generating Electricity from Renewable Energy</b> – as a direct result of this report, Land and Property Services was able to identify a large number of renewable generating stations that had not been assessed for rates valuation, resulting in £4.1 million billed. We had a direct impact on LPS being able to identify and bill those generating stations that were previously not paying rates.</p> <p>£4.1 million</p>
<b>TOTAL IMPACTS</b>	<b>£59.98 million</b>

The extent of savings achieved can fluctuate from year to year and is largely dependent on the nature of the studies undertaken in the value for money audit programme. Where our recommendations overlap with audited bodies' own performance improvement work, we will consider the percentage share of the quantified financial impact that can be attributed to our influence.

## Qualitative impacts of the audit function

### Contract Management

In our reports on Management of the NI Direct Strategic Partner Project – helping to deliver Digital Transformation and The LandWeb Project: An Update, we highlighted that final Department of Finance (DoF) costs (of over £120 million) over the life of both contracts will be more than double the original contract values. Both contracts have been extended and additional services were provided.

Both contracts were very different in nature and decisions to extend these contracts arose due to a variety of reasons including a failure to plan strategically for the replacement of the contracts, the absence of basic contract management systems, a lack of contract management and commercial skills among key staff and silo-working within and across departments.

DoF has accepted the need for improvements in contract management. It plans to complete a deep culture audit with respect to contract management approach, knowledge and skills by October 2021. It intends to share the findings with other departments and use the results as a baseline to monitor progress in the future.

DoF also intends to publish guidance for all departments, setting out the need to maintain a register of all contracts and expiry dates. Senior Responsible Officers will be required to regularly update these registers which will be monitored by Departmental Boards.

In addition, DoF has undertaken to identify and manage talent pools of staff with contract management and commercial skills across the NICS. Details will be shared with Arm's Length Bodies (ALBs) to encourage them to consider a similar approach.

Further, the DoF Permanent Secretary has issued Engagement Letters to Senior Business Owners (SBOs) and Senior Responsible Owners which set out the full range of their contract management responsibilities, including the requirement to undertake the necessary training to fulfil the role. The responsibilities of team members have also been defined and these roles are filled by staff with the required knowledge, skills and experience.

We welcome DoF's positive response to our findings and acknowledge that the actions planned should do much to improve contract management across the public sector.

### Managing Attendance in Central and Local Government

In this report we provided an overview of sickness absence levels across the nine central government departments and eleven local councils in Northern Ireland. We identified key principles in attendance management that are consistent across the public sector. We made a

number of recommendations which we believe will assist the public sector in making progress on managing attendance. These included the need for a more strategic, joined up approach, a particular focus on reducing long-term absence and opportunities for organisations to share good practice.

## Workforce Planning for Nurses and Midwives

Our July 2020 report highlighted the need to sustain the substantial increase in the number of nursing training places commissioned in 2020-21 to start to address rising nursing vacancy rates and an increasing spend on temporary staff.

In April 2021, the Department announced that it was retaining the all-time high 1,350 nursing and midwifery training places which were commissioned in 2020-21 for 2021-22 (an increase of 87 per cent compared to 2015-16 commissioning levels). This represents further progress in the ongoing efforts to build a workforce which is of sufficient size to deliver safe care and has the necessary skills and expertise to support the transformation agenda.

## Good Practice Guides

In keeping with our corporate strategic priority “to influence the pace and direction of public sector transformation in Northern Ireland by providing independent insight”, the Office continues to work with our stakeholders in the development and implementation of best practice. This can be demonstrated through the development of three further good practice guides during 2020-21 which were designed to support the delivery of the new outcomes-based approach in the Programme for Government (PfG).

### Raising Concerns: A Good Practice Guide for the Northern Ireland Public Sector

This guide, published in June 2020, was launched at a virtual event hosted by the Chief Executive’s Forum. It encourages organisations to put in place effective arrangements for receiving concerns from employees and the wider public, to ensure that such concerns are properly considered and appropriately acted upon. The guide advocates having a well sign-posted route for those wishing to raise a concern in the public interest, and suggests that organisations should appoint a raising concerns champion who can be a source of advice and support for staff but, in addition, a key resource for connecting the organisation to service users and the wider public. The guide draws on the Freedom to Speak Up report by Sir Robert Francis QC in 2015, which made significant recommendations in relation to speaking up in the health service in England, and also the Renewable Heat Incentive (RHI) Inquiry report, published in March 2020, which made recommendations on how public sector organisations should deal with concerns raised by the wider public.

### COVID-19 Fraud Risks

A further good practice guide on COVID-19 Fraud Risks was issued on 1 September 2020, which highlighted that the risk of fraud had increased with the onset of the coronavirus pandemic. This short guide drew together information issued by a range of counter fraud organisations on existing and emerging fraud risks, to provide a quick reference point for NI public sector organisations on the key risks and mitigating controls.

### Procurement Fraud risk guide

In November 2020, we published a guide to Procurement Fraud risks. Public procurement is vulnerable to fraud and corruption because of the level of expenditure, the volume of transactions, the complexity of the process and the number of stakeholders involved, and these risk factors increased significantly as a result of the COVID-19 pandemic. Fraud can only be tackled effectively if it is identified, measured and reported, so the guide was developed to help public sector organisations recognise the nature and level of procurement fraud, and to highlight effective controls which can be put in place. The guide will also be useful for auditors reviewing procurement arrangements and procurement expenditure, helping them to identify the warning signs (or “red flags”) of potential fraud.

## Office Collaborations

**Arm’s Length Bodies** – The Office retains a sitting member on the Review Group, led by the Department of Finance, which is examining the sponsorship arrangement for arm’s length bodies. This working group has developed and produced a number of reports including an NI Code of Good Practice on Partnerships between departments and arms’ length bodies, a partnership agreement template and guidance around proportionate autonomy for arm’s length bodies. These have been issued across the public sector in the form of Dear Accounting Office (DAO) letters.

**Boardroom Apprentice programme** – We continue to collaborate and participate with the apprenticeship scheme run by Strictly Boardroom, a training programme for those who want to serve on a board, especially in the public and third sectors. It is an initiative that bridges the gap between aspiration and reality for those who want to serve on a board and would like some help to get there.

**Chief Executives’ Forum** – We work closely with the Chief Executives’ Forum (CEF), an association of chief executive officers of civil and wider public service bodies in Northern Ireland, whose strategic purpose is ‘To support Northern Ireland’s public sector leadership to achieve improved outcomes by building trust, understanding, learning and collaboration across the public sector’. As part of this collaboration we have contributed alongside CEF to various training events on good governance and in the launch of our good practice guides. The Comptroller and Auditor General is a member of the CEF Board.

## Our People

We also consider the impact that the Office has had on our staff in providing them with the tools and training opportunities to develop and broaden their experience.

Every year the Office employs a number of Trainee Accountants (TA), where they work while undertaking their studies. We are extremely proud of our TAs, the hard work they put in, and the results they achieved, especially during the Covid-19 pandemic.

A sample of their achievements are set out below:

### **Sinead Henry**

In October 2020, when our TAs took their exams, one of our students, Sinead Henry, was ranked in 5th place out of 326 students in the CAP1 exam. She was delighted with her results and said *"When I opened the letter this morning, it was a case of telling myself to breathe as I was so nervous! I was really shocked and delighted with my results."* Sinead spoke about sitting the exam remotely and what it was like, *"...even though we weren't together with the other TAs in the Office, if you ever were confused or had a question, there was always someone that you could talk to about something, and they were always really helpful."* The NIAO has recently appointed a new Learning and Development Officer to assist the TAs during their studies and time at NIAO.

### **Clare Monaghan**

At the beginning of 2021, Trainee Accountant (TA) Clare Monaghan, was appointed to the role of Chair of Chartered Accountants Students Society Ireland (CASSI). Clare had previously been active in the Chartered Accountants Students Society Ulster, and decided that the next step was to move to CASSI, as her term had ended in November 2020.

CASSI held their AGM in February 2021 where, following a conversation with the incumbent Chairperson, Clare decided to allow her name to be put forward for this post and was successful in the subsequent election.

In her role, Clare maintains a strong working relationship with the different regions of the Students Society (Dublin, Ulster, Midlands, South-East, Cork, Galway, Sligo, Limerick); supports and manages all the committee members; keeps strong communication with external bodies; as well as sitting on the Strategic Communications Committee and Council, representing students.

Clare believes that through sitting on committees she has had the opportunity to work with a diverse group of individuals with expertise in the different areas of business across audit, risk management, stock market, and financial accountant management. She has also been able to build a wide support network of friends and colleagues, and working as part of a team.

When asked about her experience of working at the NIAO Clare said *"It's been challenging so far. You take every day as it comes, and as long as you have a good support network around you, may that be your family, friends, work colleagues, I would say reach out to them during your challenging times, but it's definitely worth it. I couldn't recommend it more to anyone."*



## Performance measurement

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 2020-21 against these key measures is as follows:

### Key performance measures



**Target:** To deliver a comprehensive programme of work with reduced resources, maintaining high standards.

We delivered a range of audit outputs with a net resource outturn that was 10.2 per cent higher in 2020-21 compared to 2019-20 (excluding ring-fenced VES and SBRI/GovTech expenditure). In the six years up to and including 2020-21, our annual net resource outturn (excluding ring-fenced VES and SBRI/GovTech expenditure) has reduced by 8.5 per cent (16.0 per cent in real terms).



**Target:** To certify 149 accounts; 80 per cent of audited bodies within seven months and 100 per cent within twelve months.

We achieved certification of 126 accounts. In addition, 11 prior year accounts were certified in 2020-21, to total 137 (2019-20: 142). Of the 126 accounts certified, 56 per cent of audits were delivered within seven months (2019-20: 80 per cent) and 83 per cent within 12 months (2019-20: 88 per cent). This was achieved despite the onset of the pandemic, the closure of the building for over three months and the need for staff to work remotely.



**Target:** To produce 32 public reports in 2020-21 as per the NIAO Public Reporting Programme (2019-22)\*.

We published 22 reports (2019-20: 31), including 6 which arose as a result of findings from the financial audit process.

\*NIAO Public Reporting Programme (2019-22) was re-prioritised in-year following the onset of COVID-19



**Target:** Annual confirmation of compliance with the International Standard on Quality Control (ISQC 1), to ensure that our financial audit has complied with our audit methodology and professional auditing standards.

Eight accounts were reviewed by teams independent of the audit team or NIAO. Six audits were rated as 'limited improvements required' and two audits were rated as 'improvements required'. The results include two audits reviewed by ICAEW, which were rated as 'limited improvements required'. The review process has continued to identify a lack of documentary evidence as a key issue.



**Target:** We subject our value for money reports to independent review by a panel of experts who rate the reports on a scale of one to five. We aim to ensure that our value for money reports maintain an average quality review score of at least three.

We achieved an average score of 3.7 for reports reviewed during 2020-21 (2019-20: 3.5).



## Resource Accounts 2020-21

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 page 88 to 104 have been prepared by us on a resource basis in accordance with the 2020-21 Government Financial Reporting Manual (FReM) issued by the Department of Finance.

### NIAO Estimate and Budget process

The Audit (Northern Ireland) Order 1987 requires the C&AG to prepare a Supply Estimate each financial year. The Northern Ireland Assembly Audit Committee (NIAAC) examines our budget proposals, agrees the annual Supply Estimate with the C&AG, and lays the Supply Estimate before the Assembly for approval.

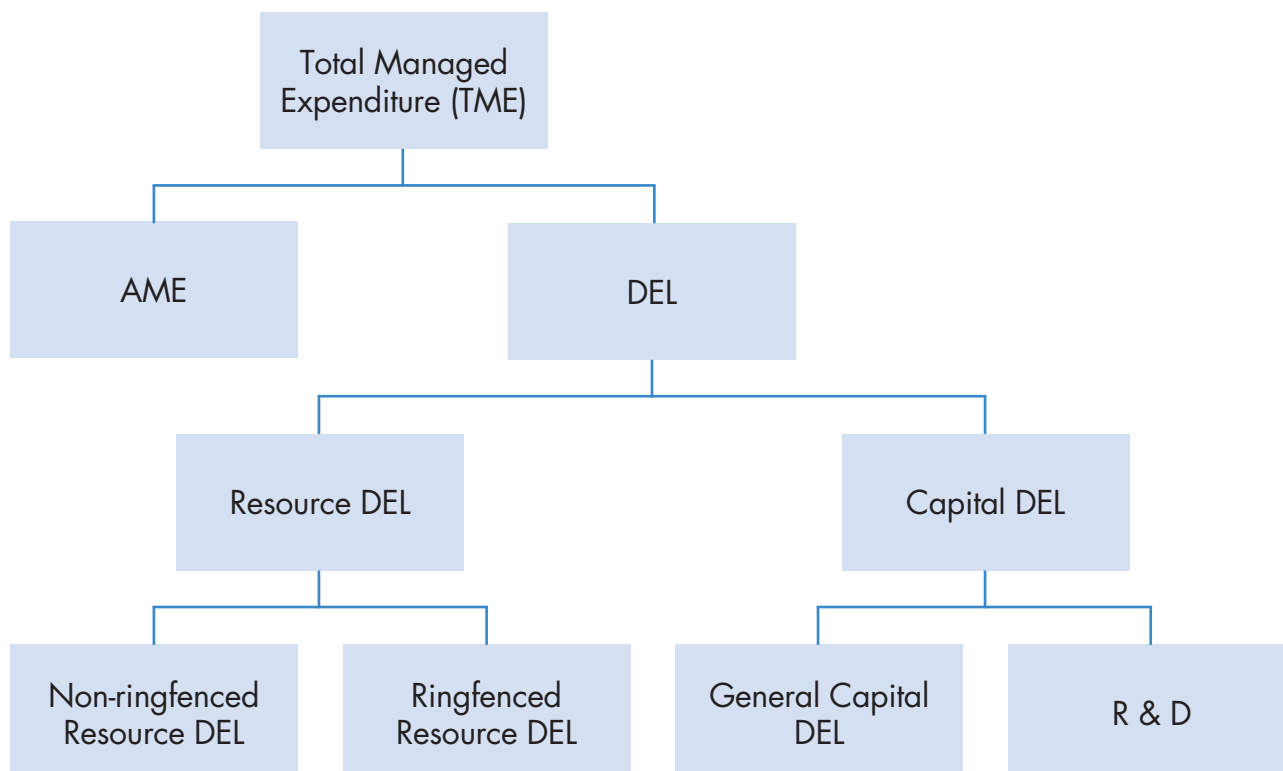
The NIAAC approved the NIAO budget proposal for 2020-21 in February 2020. The Budget Act (Northern Ireland) 2020 was approved by the Assembly and enacted on 26th March 2020. The authorisations, appropriations and limits in this Act provided the authority for a Vote on Account to provide cash and resources for the initial months of the 2020-21 financial year.

While it would be normal for this to be followed by the 2020-21 Main Estimates and the associated Budget (No. 2) Act before the summer recess, the COVID-19 emergency and the unprecedented level of allocations which the Executive agreed in response, necessitated that the Budget (No. 2) Act instead authorise a further Vote on Account on 17th June 2020 to ensure continued access to cash and resources until the 2020-21 Main Estimate was laid.

The 2020-21 Main Estimate, and the associated Budget (No.3) Act, was approved by the Assembly and enacted on 25th November 2020.

The NIAO budget proposal for 2021-22 was agreed by the Assembly Audit Committee in December 2021 and was included in the 2021-22 Main Estimate when it was approved by the Assembly on 7 June 2021.

## Budget structure



Budgets are split into 2 categories:

- Annually Managed Expenditure (AME);
- Departmental Expenditure Limit (DEL).

AME budgets are volatile or demand-led in a way that bodies cannot control. The NIAO does not have any AME expenditure.

DEL budgets are classified into resource and capital.

- Resource budgets are further split into non-ring fenced resource that pays for programme delivery and running costs, and separately ring fenced resource that covers non-cash charges for depreciation and impairment of assets.
- Capital DEL includes spending on assets. Research and Development grants are also included as Capital DEL for budget purposes but as resource in the Estimate.

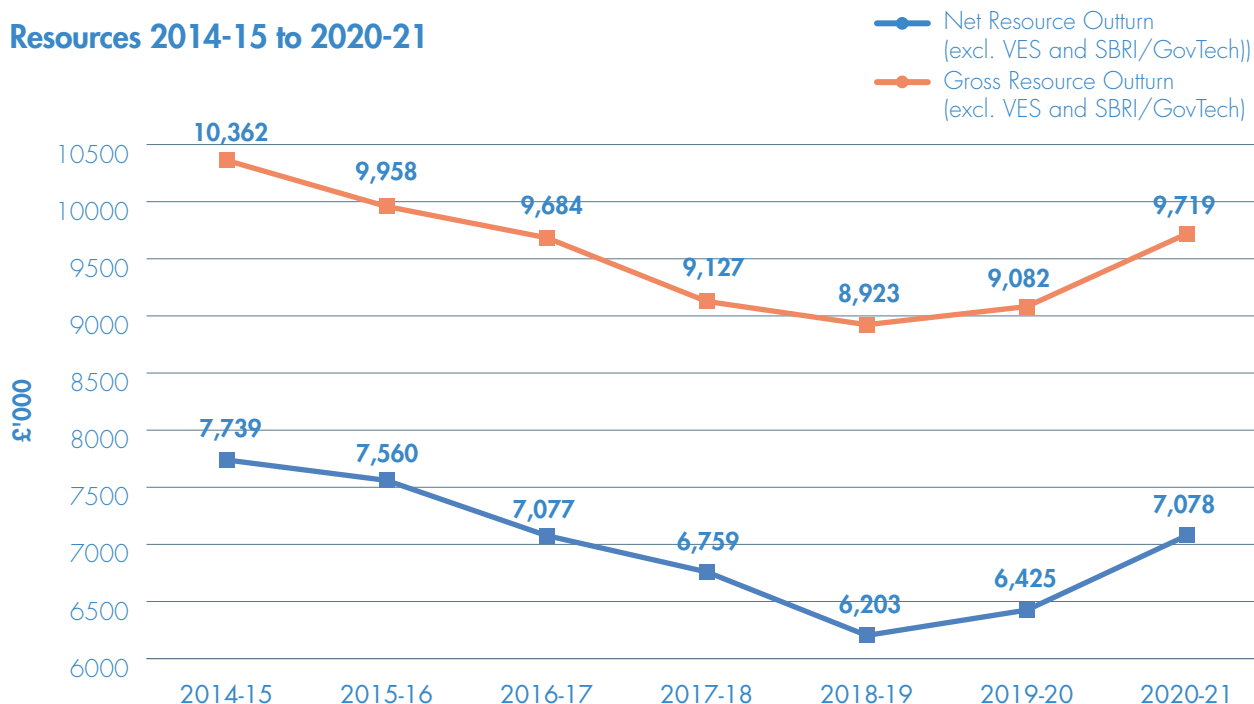
Budget information does not currently relate directly to financial information presented in Financial Statements due to a number of misalignments. It is intended that the Executive's Review of Financial Process will help address these differences and improve transparency.

Further detail on DoF's Budgeting Framework can be found in the [Consolidated Budgeting Guidance published by Treasury](#).

## Resources

Set out below are the resource outturn figures in cash terms from 2014-15 to 2020-21 excluding the costs of the Voluntary Exit Scheme (VES) and SBRI/GovTech. In real terms, the 2020-21 position represents a 16 per cent reduction in net Resource Outturn compared with 2014-15. Significant reductions were made since 2014-15 primarily through natural wastage and the implementation of VES.

### Resource Outturn 2014-15 to 2020-21



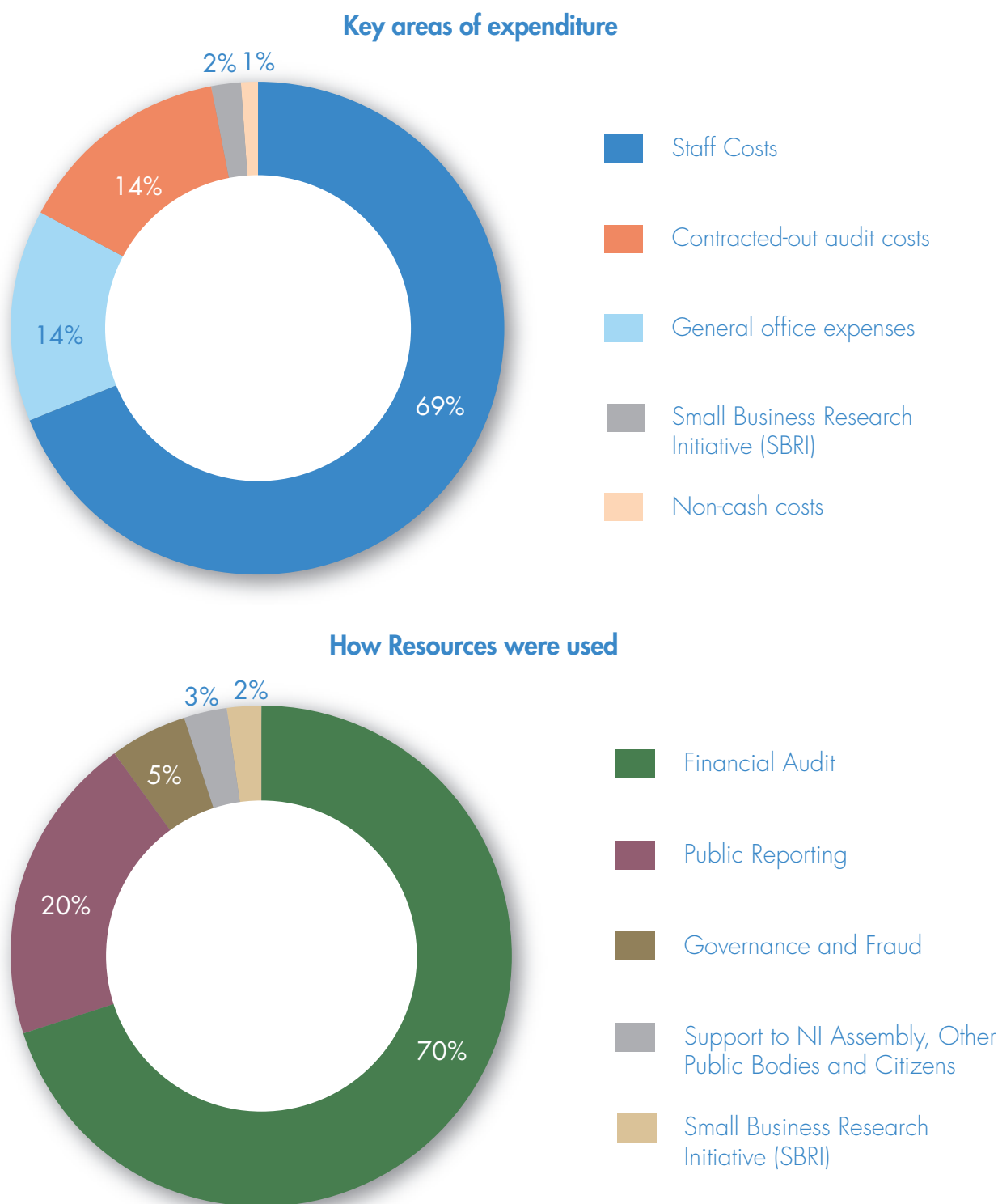
The resources used by the Office in 2020-21 are set out in the following table:

	Estimate £'000	Outturn £'000	Saving/(Excess)	
			£'000	£'000
Gross Resource Requirement	10,245	9,968	277	2.7
Income	2,665	2,641	(24)	(0.9)
<b>Net Resource Requirement (NRO)</b>	<b>7,580</b>	<b>7,327</b>	<b>253</b>	<b>3.3</b>
SBRI/GovTech	250	249	1	0.0
<b>NRO excluding SBRI/GovTech</b>	<b>7,330</b>	<b>7,078</b>	<b>252</b>	<b>3.4</b>
Capital	330	278	52	15.8

Savings arose from:

- a decrease to in-year salary costs arising from the timing of recruitment; and
- reductions in travel and training expenditure due to COVID-19.

Staff costs continue to be the largest area of expenditure for the Office:



In addition to the above, the cost of administering the Comptroller Function was £14,000, as shown at Note 2 to the Financial Statements

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;
  - local government bodies, for the audit of their accounts and performance improvement;
- recoupment of salary and associated costs for seconded staff; and
- rental income from subletting areas of our building.

Each element of income, and the direct costs associated with it, is shown in Other Assembly Accountability Disclosures (Audited), at page 75.

### Resources required in the future

The 2021-22 Main Estimate was approved by the Assembly on 7 June 2021. Allocated resources are shown in the following table:

	2021-22 £'000
Gross Resource Requirement	11,130
Income	2,540
<b>Net Resource Requirement (NRR)</b>	<b>8,590</b>
Capital	4,450

### Capital – Redeveloping our Office Accommodation

The 2021-22 capital budget includes £4.41 million of capital for the redevelopment of our premises as part of a project to better utilise the space that we currently occupy. The capital budget is to cover most of the construction phase of this project. Costs incurred to date are shown under 'Assets under Construction' in Note 6 of the financial statements.

The tender process for the main construction works has been completed and the contract was awarded on 4 June 2021.

### 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 shown below:

	2020-21 £'000	2019-20 £'000
<b>Net Resource Outturn</b>	<b>7,327</b>	<b>6,663</b>
Consolidated Fund Extra Receipts	-	(1)
Non-supply expenditure	160	160
<b>Net Operating Cost</b>	<b>7,487</b>	<b>(6,822)</b>
Research & Development Expenditure (SBRI/GovTech)	(249)	(238)
<b>Resource Budget Outturn of which</b>	<b>7,238</b>	<b>6,584</b>
Department Expenditure Limits (DEL)	7,238	6,584
Annually Managed Expenditure (AME)	-	-

### 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.

Our University Street premises were temporarily closed on 18th March 2020, due to COVID-19 restrictions. Despite putting alternative arrangements in place for postal deliveries, these were subject to disruption and delay, having an adverse impact on the availability of prompt payment data. Prompt payment figures for the 6 month period from 1 April 2020 to 30 September 2020 are not available.

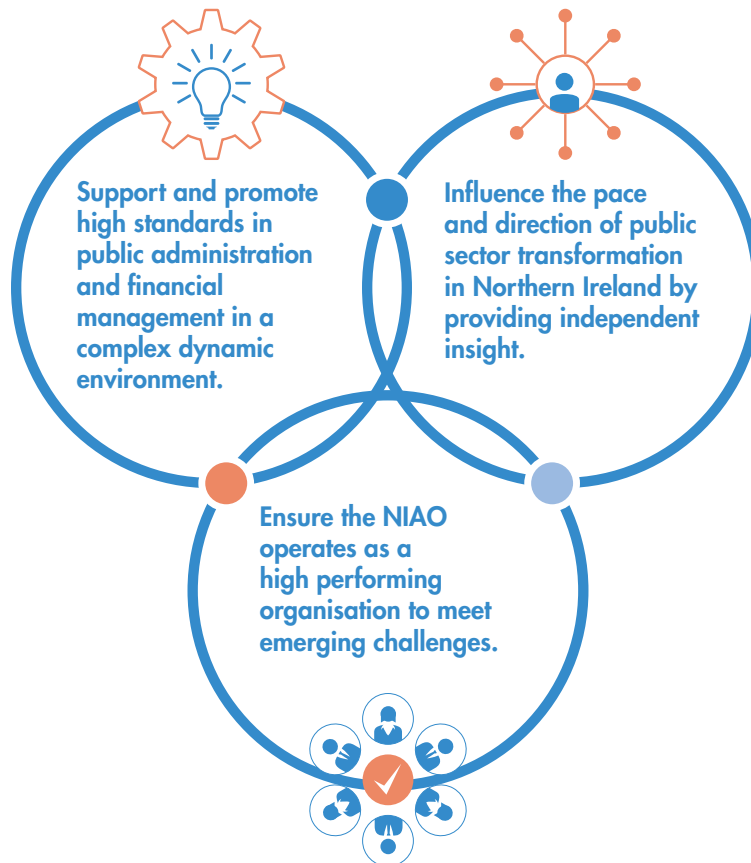
For the 6 month period from 1 October 2020 to 31 March 2021, the Office paid 98.3 per cent of bills (2019-20: 97 per cent) within this standard.

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. For the 6 month period from 1 October 2020 to 31 March 2021, we met this standard for 92.3 per cent of invoices received (2019-20: 89.6 per cent).

## Future development of the business

Our three strategic priorities for the period 2021-24 in our Corporate Plan are as follows:

### NIAO Strategic Priorities



1. Support and promote high standards in public administration and financial management in a complex dynamic environment.
2. Influence the pace and direction of public sector transformation in Northern Ireland by providing independent insight.
3. Ensure the NIAO operates as a high performing organisation to meet emerging challenges.

Each of these will be impacted upon by the COVID-19 pandemic as we move through the remainder of the reporting period.

**In supporting and promoting high standards in public administration and financial management in a complex dynamic environment, we will:**

- provide our taxpayers, ratepayers, elected representatives and the wider public through the timely delivery of our financial audit programme;
- support the PAC in holding the public sector to account through the delivery of topical, timely and accurate reports;
- promote high standards of leadership and transparency across the public sector;
- promote a strong counter fraud culture across the public sector; and
- produce best practice reports and disseminate across the public sector.

**What is the Outcome:** The NIAO plays a key role in overseeing and providing assurance on public sector spending in Northern Ireland to the NI Assembly.

**Through influencing the pace and direction of public sector transformation in Northern Ireland by providing independent insight, we will:**

- ensure our reports and good practice guides target the key public sector priorities in a proportionate and timely manner;
- influence public sector transformation through providing informed opinion on the contribution to Programme for Government outcomes;
- share lessons learned and insights gained through the public sector COVID response to accelerate transformation;
- work collaboratively and constructively with other public sector leaders to develop more efficient and effective public services in Northern Ireland; and
- promote opportunities for 'joined up' working across the public sector to implement the new PfG.

**What is the Outcome:** Using its experience and expertise, the NIAO offers 'thought leadership' to the public sector as it transforms in a dynamic and challenging environment.

**By ensuring that the NIAO operates as a high performing organisation to meet emerging challenges, we will:**

- implement the NIAO People Strategy and Investors in People standards to develop the capacity and capability of our highly skilled, motivated and versatile workforce;
- regularly review our audit policies, standards, procedures and methodologies, including digitalisation, to ensure the NIAO is at the forefront of best practice;
- put in place robust governance and quality control mechanisms and apply them consistently in a proportionate and cost effective manner;

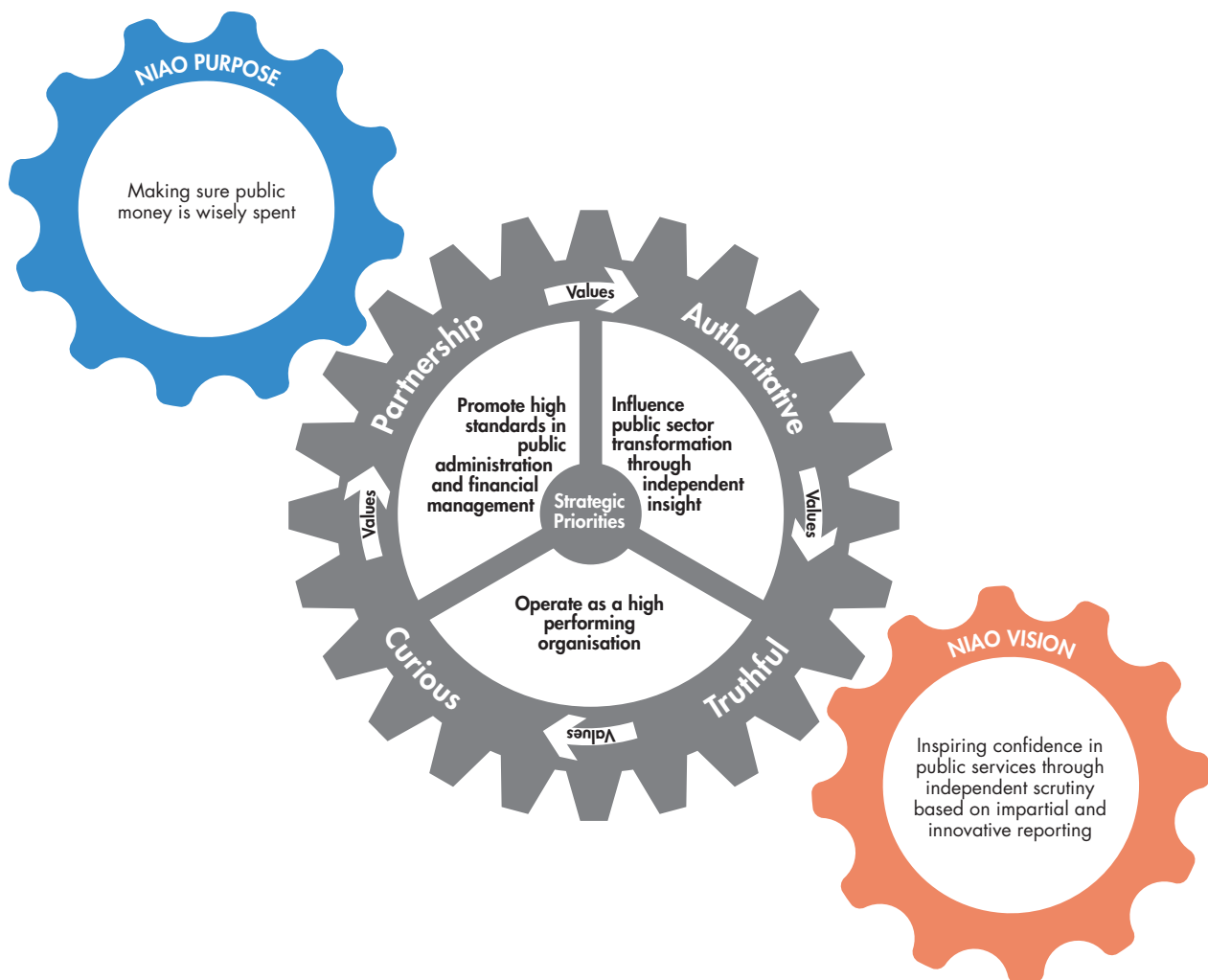


- develop a balanced suite of performance measures to oversee, manage and measure all aspects of performance and productivity; and
- create a modern attractive workplace and working arrangements that maximise the productivity of staff.

**What is the outcome:** The NIAO is an exemplar of good governance and organisational economy, efficiency, and effectiveness.

Our purpose drives our vision, which is delivered through our corporate priorities and our core values. How these fit together in an integrated way is represented in the diagram below.

### NIAO Purpose, Vision, Values and Priorities



## Sustainability, environmental, social and community matters

We are committed to sustainable practice and minimising our impact on the environment. We meet these commitments by disposing of waste carefully, recycling appropriate materials, and by conserving the energy we consume. Locally, we have removed individual waste paper bins to encourage staff to think more carefully about personal recycling.

Redundant electronic and electrical equipment is passed to an external contractor who expunges all data to a standard set by government and then recycles the hardware; redundant furniture is disposed of by way of re-use or environmental destruction; and electricity consumption has been reduced by replacing halogen lighting with lower energy alternatives and air conditioning units with more energy efficient units. Our reprographic equipment will only print after logging on using a personal swipe card, with a default setting for two-sided printing in black and white, reducing the amount of unnecessary printing and thus paper consumption. In addition, we have reduced the number of printed copies of each public report, issuing reports electronically where appropriate.

The Office's procurement guidance requires procurement decisions to have regard to equality of opportunity and sustainable development. Much of what we procure, including services for the upkeep of our premises, is through Northern Ireland Civil Service (NICS) wide contracts. These contracts, established locally by the Department of Finance's Construction and Procurement Delivery, are committed to delivering on the NICS' sustainability, environmental, social and community objectives. For example, contractors are encouraged to work with small suppliers (i.e. fewer than 50 employees), micro suppliers (i.e. fewer than 10 employees) or Social Economy Enterprises throughout their supply chains. Payment to subcontractors should be made within 30 days of receipt of a valid invoice.



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

**02 July 2021**

# Accountability Report



**£7.33**  
Million

Net Resource Outturn for  
2020-21



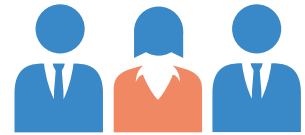
**Auditor's  
Report**

Unqualified independent  
auditor's report



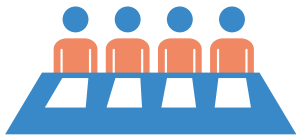
**£6.94**  
Million

Staff costs



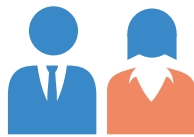
**114**  
FTE

Staff in post at  
31 March 2021



**6**  
**Senior  
Management  
Team**

**4** Male  
**2** Female



**108**  
**Other Staff**

**49** Male  
**59** Female

## CORPORATE GOVERNANCE REPORT

The purpose of the corporate governance report is to explain the composition and organisation of the NIAO's governance structures and outline how they support the achievement of our objectives.

### Directors' Report

The directors of the NIAO comprise the senior managers and the non-executive members, whose details are set out below.

#### NIAO Senior Management Team

Subject to the C&AG's statutory position as corporation sole and his primacy in setting strategy, policy and procedures, the Senior Management Team (SMT) is the principal mechanism for directing the business and decision making in the NIAO. This team is chaired by the C&AG and its membership over the reporting period was as follows:

**Pamela McCreedy**  
Chief Operating Officer  
(until 28 February 2021)

**Rodney Allen**  
Chief Operating Officer  
(from 15 March 2021)

**Rodney Allen**  
Director  
(until 14 March 2021)

**Patrick Barr**  
Director

**Neil Gray**  
Director

**Colette Kane**  
Director

**Suzanne Walsh**  
Director

**Tomas Wilkinson**  
Director

**Brian O'Neill**  
Director  
(effective from 1 June 2021)

#### Senior Management Team



**Rodney Allen**  
Chief Operating Officer (from 15 March 2021)  
Director (to 14 March 2021)



**Patrick Barr**  
Director



**Neil Gray**  
Director



**Colette Kane**  
Director



**Suzanne Walsh**  
Director



**Tomas Wilkinson**  
Director



**Brian O'Neill**  
Director  
(with effect from 1 June 2021)

## C&AG's Advisory Board

The Advisory Board is responsible for providing objective and impartial advice to the C&AG to assist him in the discharge of his functions, and works in partnership with the C&AG and the SMT. The Advisory Board scrutinises the work of the NIAO in the five areas of strategic clarity, commercial sense, talented people, results focus and management information. It also scrutinises and advises on Office finances on an ongoing basis.

The Advisory Board comprises both executive (C&AG and Chief Operating Officer (COO)) and non-executive members, the latter bringing an independent and external perspective to the work of the Board.

Under current arrangements, the Chairperson of the Advisory Board is appointed by the C&AG through open competition, based on merit, following endorsement by the Northern Ireland Assembly Audit Committee (NIAAC). Non-executive members are similarly engaged and will be members of the Advisory Board.

Each non-executive member is appointed for a three year period, which may be extended for a maximum of a further three years by the C&AG with the endorsement of the NIAAC.

These arrangements will be revisited following the review of "Governance and Accountability Arrangements for the NIAO [and the Northern Ireland Public Services Ombudsman]" currently being conducted by the NIAAC.

In 2020-21, the Advisory Board's membership was as follows:

### Martin Pitt

#### Advisory Board Chairperson

In December 2018, Martin Pitt was appointed as the Chairperson of the Advisory Board. He was previously a partner within PwC's Audit and Assurance Team and Head of Internal Audit, bringing with him over 30 years' experience working with public and private sector bodies across the UK. Throughout his career, he has advised organisations on issues relating to corporate governance and risk management.

### Rodney Allen (from 15 March 2021)

#### Chief Operating Officer

On 15 March 2021, Rodney Allen was appointed Chief Operating Officer, with responsibility for both leading and managing the NIAO's operational business and supporting the C&AG in the strategic leadership of the NIAO, including stakeholder management. He is responsible for cultural change within the NIAO, and for developing greater flexibility in management structures and service delivery.

**Pamela McCreedy (until 28 February 2021)****Chief Operating Officer**

Up until her resignation on 28 February 2021, Pamela McCreedy was Chief Operating Officer for the NIAO. She was also Local Government Auditor, with responsibility for leading all local government audits across Northern Ireland.

Three further non-executive members were appointed to the Advisory Board, effective from 1 April 2019.



**Professor Noel  
Hyndman**

Since January 2021, Noel has been Professor Emeritus and Honorary Professor at Queen's University of Belfast, after a period as Professor of Accounting (2002-2020) and Director of the Centre for Not-for-profit and Public-sector Research (2015-2020). Previously, he was Professor of Accounting at the University of Ulster, and has held Visiting Professorships at the University of Ottawa in Canada and the University of Sydney in Australia, as well as being an Erskine Fellow at the University of Canterbury in New Zealand and a PARG Visiting Scholar in the Sprott School of Business, Carleton University, Ottawa, Canada. He is a Chartered Global Management Accountant and a Fellow of the Chartered Institute of Management Accountants. He is currently Chair of the British Accounting and Finance Association's (BAFA's) Public Services and Charities Special Interest Group, and a member of BAFA's Executive Committee. Professor Hyndman has been Academic Advisor to the Chartered Accountants Ireland Educational Trust since 2011.



**Marie Mallon  
MBE**

Marie Mallon MBE was Chair of the Labour Relations Agency, from 2014 to 31 April 2021. Prior to that she was Director of HR and Deputy CEO of Belfast Health and Social Care Trust for seven years, having previously held the position of Director of HR with the Royal Hospitals Trust. Mrs Mallon is a Chartered Member of the Chartered Institute of Personnel and Development (CIPD) and obtained a distinction in her MSc in HR Leadership from University of Manchester. She is currently an associate of the Health and Social Care Leadership Centre and also undertakes independent HR consultancy. She was awarded an MBE in the Queen's birthday honours list (2015) for services to health and social care.



**John Turkington**

John Turkington is Principal of Turkington Chartered Accountants and previously held senior roles in Ulster Bank as Director of Corporate Banking, Director of Property Banking and Regional Director of Commercial Banking. More recently, he held an all-island role as Head of Ulster Bank's Specialised Relationship Management division. He is a graduate of Queen's University, Belfast (Law and Accounting) with a post-graduate Diploma in Accounting, and is a Fellow of Chartered Accountants Ireland.

## NIAO Audit and Risk Assurance Committee

The C&AG, as the Accounting Officer of the NIAO, is responsible for ensuring that there are effective arrangements for governance, risk management and internal control.

The Advisory Board supports the C&AG in this role by reviewing the comprehensiveness and reliability of assurances on governance, risk management, the control environment, and the integrity of financial statements and the annual report.

To provide support in these functions, the Board appoints an Audit and Risk Assurance Committee to review the comprehensiveness of assurances on systems of internal control, risk management and corporate governance. The Audit and Risk Assurance Committee is independent of all NIAO operational activities and is composed solely of non-executives.

The membership of the Committee is:

Professor Noel Hyndman (Chairperson)

Marie Mallon MBE

John Turkington

## Register of interests

None of the non-executive or executive members of the Office's governance structures in 2020-21 held company directorships or significant interests which might conflict with their responsibilities. Also, none had any other related party interests.

## Auditor of the NIAO

The Department of Finance re-appointed Baker Tilly Mooney Moore as the external auditor of the NIAO for a three-year term commencing with the audit of the 2018-19 accounts, with the option to extend for a further two years.

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 24. Details of the cost of the work done by the external auditor are disclosed in Note 4 to the Financial Statements.

## Disclosure of relevant audit information

The C&AG 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 C&AG is aware, there is no relevant information of which the auditors are unaware. The C&AG has taken personal responsibility for the annual report and accounts and the judgments required for ensuring they are fair, balanced and understandable.

### Personal data-related incidents

There were no protected personal data-related incidents which required reporting to the Information Commissioner's Office (ICO).

### Complaints

We have a complaints process in place to ensure that complaints from both clients and the public are dealt with in a timely, open and fair way, in line with public sector good practice. The process has three stages, the details of which can be found on our [website](#). If a complainant remains dissatisfied following the outcome of these three stages, they may refer the matter to the Northern Ireland Public Services Ombudsman's Office (NIPSO), in accordance with the Northern Ireland Public Services Ombudsman Act (Northern Ireland) 2016.

During 2020-21, we received three complaints, each of which was addressed in-house. All of these cases are considered closed. One complaint from 2018-19, referred to the NIPSO, found maladministration which caused the complainant to experience the injustice of frustration and uncertainty. In response to the report, we have issued an apology to the complainant. This case is now closed.

Further information on the monitoring of complaints can be requested from:

Information Manager  
Northern Ireland Audit Office  
1 Bradford Court,  
Upper Galwally  
Belfast,  
BT8 6RB

Tel No 028 9025 1097

### Health and Safety

Our health and safety policy is made available to all staff.

No incidents were recorded during 2020-21 and no report to the Health and Safety Executive for Northern Ireland under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations was required.

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.



## Statement of Accounting Officer's Responsibilities

Under Article 6(3) of the Audit (Northern Ireland) Order 1987, the NIAO is required to prepare, for each financial year, resource accounts 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 NIAO during the year.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the NIAO and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

In preparing the accounts, the Accounting Officer 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 judgements 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;
- prepare the accounts on a going concern basis; and
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

Under the Audit (Northern Ireland) Order 1987, the Department of Finance has appointed the C&AG for Northern Ireland as Accounting Officer for the Northern Ireland Audit Office.

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

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the NIAO's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

## Governance Statement

### Introduction

As Accounting Officer for the NIAO, I have responsibility for maintaining effective governance and 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.

### Structure of governance

The NIAO's governance structure reflects the statutory position of the C&AG, as set out in two key pieces of legislation:

- The Audit (Northern Ireland) Order 1987 provided for the office of C&AG to be a corporation sole and established the NIAO to assist the C&AG in the discharge of his statutory functions.
- The Northern Ireland Act 1998 requires that, in exercising his functions, except for any function conferred on him of preparing accounts, the C&AG shall not be subject to the direction or control of any Minister or Northern Ireland department or the Assembly. Accordingly, the C&AG has complete discretion in the discharge of his statutory audit functions, with responsibility for the programme of audit work, all audit opinions and judgements resting with him alone.

As the holder of this office, I have primacy in determining the strategy, staffing and structure of the Office and am responsible for designing and implementing the internal governance arrangements to support the delivery of my statutory functions. In so doing, I seek to comply with the spirit of the 'Corporate governance in central government departments: Code of good Practice NI 2013' ("the Code") issued by the Department of Finance. I accept the tenets of the Code as constituting best practice, however the specific legal constitution of the office of C&AG as a corporation sole means that I cannot directly apply the 2013 Code arrangements to the NIAO. In particular, there is no provision in legislation for the establishment of a board.

The internal governance arrangements of the NIAO that I have established are illustrated below. I also have a 'Memorandum of Understanding on the Governance and Accountability Arrangements of the Northern Ireland Audit Office' (MoU) agreed with the Northern Ireland Assembly Audit Committee (NIAAC), which oversees the performance of the NIAO (available on the [NI Assembly](#) website).

## NIAO Governance Structure



Overall I am content that the NIAO governance arrangements are compliant with the Code on an appropriate and proportionate basis.

## Components of governance structure

### NI Assembly Audit Committee (NIAAC)

I am accountable to the Northern Ireland Assembly via the NIAAC, which has the role defined in section 66 of the Northern Ireland Act 1998. The NIAAC's responsibilities include: examining the NIAO Estimate and laying it before the Assembly; considering the NIAO's Corporate Plan; examining the NIAO Annual Report and Accounts and reports received from the external auditor; providing advice to the Department of Finance on the appointment of the NIAO external auditor; and tabling a motion in the Assembly in respect of the salary of the C&AG.

With the return of the NI Assembly on 11 January 2020, I intended to review and revise the Memorandum of Understanding with the NIAAC to reflect the latest structures. However, this exercise has been overtaken by the NIAAC's commencement of its own "Review of the Governance and Accountability Arrangements for NIAO [and NIPSO]", within the context of its defined statutory functions. We have been consulted by the Committee on this exercise and are working closely with it to ensure that all parties maximise the benefits from the forthcoming report.

The key elements of the internal governance arrangements of the Office are detailed below. Further information on these, including minutes of meetings, are available on our [website](#).

### Advisory Board

The Advisory Board is responsible for providing objective and impartial advice to the C&AG to assist him in the discharge of his functions, and works in partnership with the C&AG and the Senior Management Team. The Board scrutinises the work of the NIAO in the five areas of strategic clarity, commercial sense, talented people, results focus and management information, as set out in 'Corporate governance in central government departments: Code of good practice NI 2013' issued by DoF, with the objective of providing constructive challenge. It also scrutinises and advises on Office finances on an ongoing basis.

The Advisory Board comprises both executives (the C&AG and the COO) and non-executives, the latter bringing an independent and external perspective to the work of the group.

Each member is appointed for a three-year period, which may be extended by the C&AG, with the endorsement of the NIAAC.

During 2020-21, the Advisory Board met three times and also held a workshop on the development of the Office's Corporate Plan 2021-2024. The attendance at each of these events is recorded below:

Members present	C&AG's Advisory Group			
	26/05/20	6/10/20 (Workshop)	3/12/20	9/2/21
Martin Pitt (Chairperson)	✓	✓	✓	✓
Noel Hyndman	✓	✓	✓	✓
John Turkington	✓	✓	✓	✓
Marie Mallon	✓	✓	✓	✓
Kieran Donnelly (C&AG)	✓	✓	✓	✓
Pamela McCreedy (COO)	✓	✓	✓	✓

In addition, other officials of the Office attended, as required, to assist with the discussion of agenda items. The Office's corporate secretariat provided it with an appropriate support service.

### Audit and Risk Assurance Committee

The Advisory Board supports me in my role, as Accounting Officer, in my responsibility for issues of risk, control and governance, by reviewing the comprehensiveness, reliability and integrity of assurances. This includes supporting and advising me on the planned activity and results of both internal audit and external audit (see page 45) and the adequacy of management's response to issues identified by audit activity, including external audit's management letter.

To provide support in these functions, the Board has established an Audit and Risk Assurance Committee (ARAC). ARAC comprises three non-executive Board members of NIAO, excluding the NIAO Board Chairperson, who may attend by invitation if required. The Chairperson of ARAC, appointed by the Board Chairperson, is Professor Noel Hyndman.

Attendance of members in 2020-21 was as follows:

Members present	NIAO Audit and Risk Assurance Committee			
	5/05/20	21/7/20	22/9/20	19/1/21
Noel Hyndman (Chairperson)	✓	✓	✓	✓
John Turkington	✓	✗	✓	✓
Marie Mallon	✓	✓	✓	✓
Martin Pitt (by invitation)	✓	✓	✓	✓

The meetings were attended by Kieran Donnelly, Pamela McCreedy, Rodney Allen and other NIAO staff.

ARAC remains independent of all NIAO operational activities; under its terms of reference ([available on our website](#)) it will meet at least four times a year. The Chairperson of the Committee may convene additional meetings, as deemed necessary. It may request the attendance of officials of the Office to assist with its discussions on any particular matter.

On behalf of ARAC, the Chairperson provides me with an annual report summarising the Committee's work for the year. ARAC is satisfied that it has fulfilled 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 review and oversee internal control and risk management arrangements and to provide assurances to me, as Accounting Officer, in the discharge of my accountability obligations.

Based on its work for the year, the ARAC has provided me with constructive feedback on what it views to be the risks, challenges and opportunities for the NIAO, as well as an indication of its intended areas of focus in 2021-22.

### Remuneration Committee

The Remuneration Committee met once, on 9 March 2021. It comprises all non-executive Board members of the NIAO and supports the Board in advising me on issues including terms & conditions of employment, job descriptions, pay settlements and succession planning. It may also advise on issues relating to structural change exercises such as organisational development, job evaluation and role reviews. Attendance at the meeting was as follows:

Members present	Remuneration Committee 9/3/2021
Marie Mallon (Chairperson)	✓
Noel Hyndman	✓
John Turkington	✓
Martin Pitt	✓

The meeting was attended by Rodney Allen and other NIAO staff.

### Senior Management Team

The Senior Management Team comprises myself, as Chair, the Chief Operating Officer and six Directors.

The Senior Management Team meets monthly and is responsible for the strategic and operational leadership of the Office. Subject to my statutory position as a corporation sole and head of the NIAO, the team is the principal mechanism for directing business and decision making in the Office. In alignment with the Code<sup>2</sup>, the business of the team covered the five key areas of strategic clarity, commercial sense, talented people, results focus and management information.

The Senior Management Team, which met 12 times during the year, covered normal scheduled business. There was over 95 per cent attendance of members at all meetings.

Relevant non-members are invited to attend these meetings. Over the course of the year, attendance took place in relation to items such as office accommodation, the Office's HR Roadmap, follow-up to staff and stakeholder surveys, progress in the communications strategy, progress in data analytics and SBRI, developments in the structure of corporate governance, and the Business Transformation Programme.

During the year the BTP continued to progress under the five key pillars of Communication and Engagement; Digitalisation; People; Governance and Audit Practice; and the Working Environment, under which 19 work streams were identified. Progress against Project Initiation Documents was closely monitored and regular progress reports were prepared and presented to senior management, the Advisory Board and staff. The Office has since initiated Phase II of the Programme under 12 separate work streams.

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<sup>2</sup> Corporate governance in central government departments: Code of good practice NI 2013

My Office has access to a wide range of data from financial management systems, as well as open data, but we have lacked the technology to use this data to its full potential. In recognition of this, during 2018-19 we applied and were successful with the SBRI, managed by the Department for the Economy, and subsequently with the GovTech Catalyst processes, in obtaining significant funding to address this and progress an initial phase one project in 2019-20 across both value for money and financial audit analytics. Confirmation was subsequently received that Govtech would provide funding for a phase two to develop a solution for the value for money aspect of the project only. However, this funding offer was withdrawn following the onset of the COVID-19 pandemic, as Govtech did not consider that the project was achievable within the set timescales.

As we still felt that there was merit in progressing the financial audit analytics aspect of the project, in collaboration with other public audit agencies, we successfully applied to the local SBRI fund to secure funding to proceed with a phase two. We were awarded £250,000 in 2020-21 and appointed two suppliers from phase one to undertake further development. We have since sought and received a further £250,000 of funding from SBRI for 2021-22, which we anticipate will allow these suppliers to fully develop a product which will enable audit teams to import, analyse and interrogate datasets from multiple financial reporting systems.

### Risk management and control

Our approach to risk management is guided by professional best practice, and takes full cognisance of the context and environment in which we operate. I have reviewed the risk management process in place during the year and can confirm that it complies with all the principles included within the revised Orange Book<sup>3</sup>.

Because of our public profile and the very nature of our work, we must uphold the highest standards in our own operations, and be able to stand the test of independent scrutiny and retain our credibility and reputation with the Assembly, audited bodies and other stakeholders. At the same time, we must ensure that we promote and secure value for money in our use of public funds.

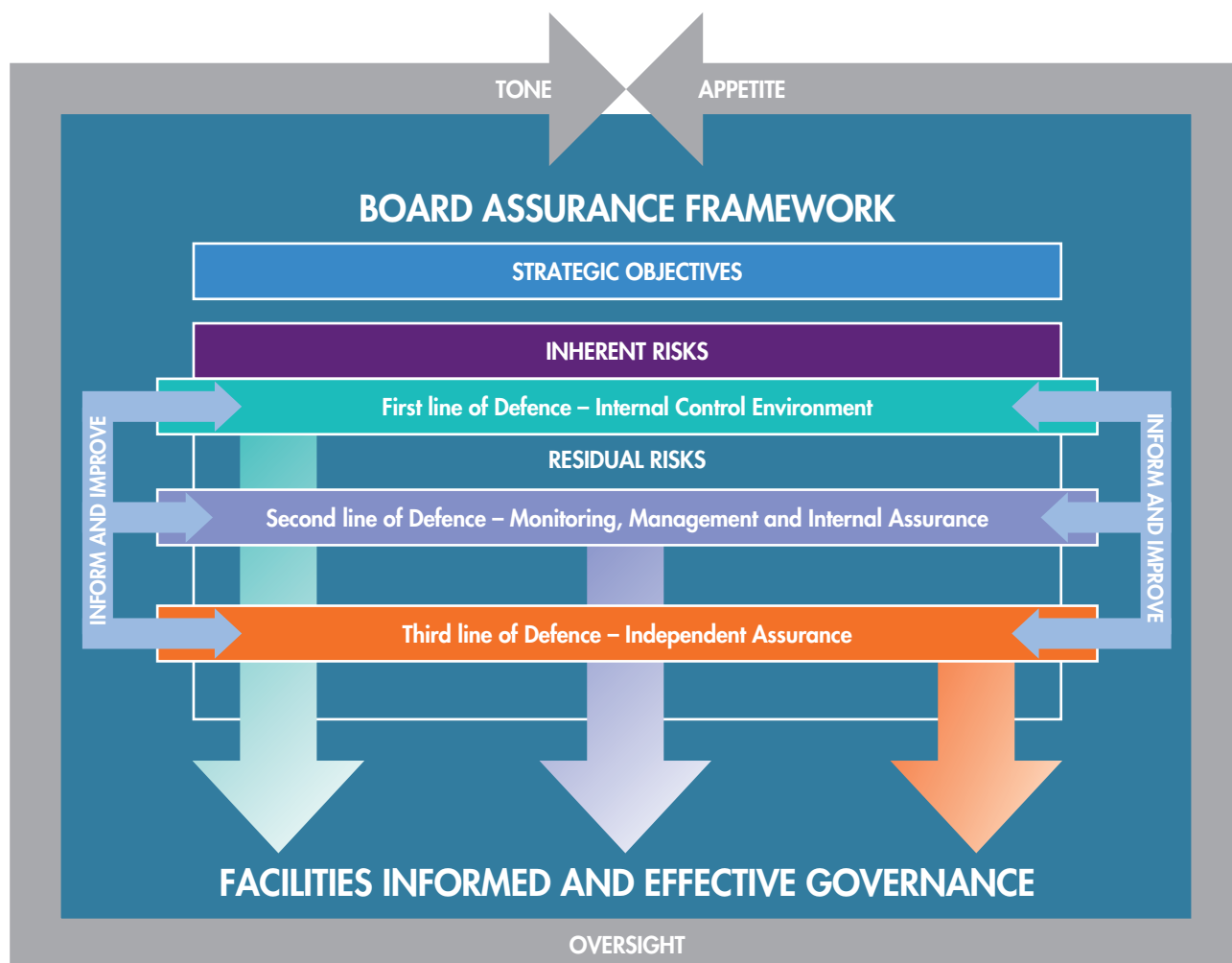
We focus on proportionate risk management as an integral part of the way we undertake business activities. Risk is managed in a structured way, taking on board the combination of the likelihood of something happening and the impact which arises if it does actually happen, to assess the inherent risk. We then set out the actions, if any, we take to constrain the risk to an acceptable level in accordance with our risk appetite. I am responsible for determining the risk appetite of the Office, which I review on an ongoing basis. To this end, I have agreed a definition for the appetite of each risk in consultation with both the SMT and the ARAC.

The risk that remains, taking on board these actions, is our residual risk. In applying these principles, we are accurately assessing the relative significance and prioritisation of each risk. We have a comprehensive risk management strategy which sets out roles and responsibilities and determines procedures for risk identification, monitoring, reporting and escalation of issues.

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3 Orange Book: Management of Risk – Principles and Concepts (2020)

As in previous years, we have continued to manage risk through an assurance framework which I consider to be proportionate to the size and the complexity of our business. This is best illustrated in the diagram below.



During 2020-21, Risk Management was a standing agenda item at all meetings of the SMT and the ARAC. The Corporate Risk Register Working Group (the Working Group), which is responsible for directly briefing the SMT and, by extension, ARAC on risk management developments, met four times in 2020-21. The timing of its meetings and subsequent outputs dovetail with SMT and ARAC requirements.

The corporate risk register aligns to our current Corporate Plan 2021-24, and during 2020-21 we identified three key areas of risk: making an impact; valuing our people and managing resources; and transforming our business (external and internal).

The consequences of the COVID-19 pandemic and government restrictions imposed throughout 2020-21 had a significant impact on the whole of our office. At this time we considered the risks which we were facing and produced a separate risk register to manage the specific risks from COVID-19. However, the corporate risk register has been maintained in parallel and the Office has reverted its focus to this as of 15 June 2021.



I am content that the risk management process is appropriate, risks identified are relevant and have been managed during the year.

## Quality

We apply the International Standard on Quality Control (ISQC 1) and have well established arrangements in place for monitoring our quality control procedures. We undertake an annual quality review process to ensure that our audits have complied with our audit methodology and professional auditing standards.

During the reporting period, eight accounts were independently reviewed. These included two audits selected by the Institute for Chartered Accountants, England and Wales (ICAEW) for their independent external review, the first time ICAEW have reviewed our audits. Of the eight audits reviewed, six were rated 'Limited improvements required', including those reviewed by ICAEW, and a further two were rated 'Improvements required'. As the cold review process has continued to identify a lack of documentary evidence as a key issue, guidance has been issued to staff to ensure that all audit evidence (including rationales and judgements) is clearly and consistently documented on the audit file.

ICAEW also provided quality control review training to directors and managers during 2020-21. This training highlighted recurring quality issues identified from file reviews and explained what reviewers should be considering to avoid reoccurrence.

In order to address issues identified, areas for improvement have been communicated to all audit staff. Managers have been tasked with holding meetings with staff to discuss in detail the key findings and guidance and how this can be applied to individual audits.

Two public reports were also reviewed as part of the quality review process. Both of the audits reviewed complied with standards and no significant issues were identified.

The Technical Unit continues to oversee how we ensure quality requirements for our audits are met. This review includes: a review of our policies; our independence; competence and capabilities; our acceptance and continuance procedures; and our engagement performance. As part of this process, the Unit released an updated version of our 'Quality Control in the Northern Ireland Audit Office' guidance document, which reflects changes in organisational structure, confirms designations of key roles, and includes the new arrangements for external quality control review of financial audits (the appointment of ICAEW).

We also subject our value for money reports to independent review by a panel of experts who rate the reports on a scale of one to five. We aim to ensure that our value for money reports maintain an average quality review score of at least three. The reports reviewed in 2020-21 achieved an average score of 3.7 (2019-20: 3.5).

## Other areas of focus

### Statement of information risk

We have privileged and wide-ranging access to data and information to support the discharge of my statutory audit functions and ensure my reports to the Assembly are factual, accurate and complete. We have a duty to respect this privileged access and to ensure that the personal information entrusted to us is safeguarded properly.

We have 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. Staff are made aware of these policies and controls, and awareness is reinforced through information security training.

My Office is cognisant of the General Data Protection Regulation (GDPR) and the enabling legislation (Data Protection Act 2018) and has established an effective compliance framework. As a result, I:

- have staff trained through e-learning;
- conduct annual reviews of the Office's auditing software to ensure that no excessive personal data is retained following audit completion;
- maintain an information assets register; and
- have an up-to-date Data Protection Policy in place.

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 Senior Information Risk Owner, a member of the SMT, and various staff members with security responsibilities.

### 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, comments made by the External Auditor in their management letter and other reports, and issues raised by the ARAC.

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

Internal Audit provides an independent opinion on the adequacy and effectiveness of the Office's system of internal control, corporate governance and risk management. It reviewed a number of areas during 2020-21 including:

- Strategic Planning & Risk Management;
- Business Transformation;
- Accommodation Project;
- Human Resources Health Check; and
- Training and Development.

All areas received a satisfactory rating, and all recommendations for improvement have been accepted by management and implemented, or are in the process of being implemented.

Based upon the reviews performed during the year, Internal Audit has provided a conclusion as to the adequacy and effectiveness (or inadequacy and ineffectiveness) of the Office's risk management, control and governance processes. In its opinion, the NIAO has adequate and effective risk management, governance and control processes.

### Significant internal control weaknesses

I am able to report that there were no significant weaknesses in the NIAO's system of internal control in 2020-21 which affected the achievement of the Office's key policies, aims and objectives.



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

**02 July 2021**

## REMUNERATION AND STAFF REPORT

### Remuneration Report

#### Remuneration Policy

#### Comptroller and Auditor General

Under the provisions of the Northern Ireland Act 1998, the office of the C&AG for Northern Ireland is a Crown appointment made on the nomination of the Northern Ireland Assembly. The C&AG for Northern Ireland retains office unless removed by a resolution of the Northern Ireland Assembly supported by at least two thirds of members. The Audit (Northern Ireland) Order 1987 provides for the remuneration of the C&AG for Northern Ireland to be met from the Consolidated Fund for Northern Ireland, rather than the NIAO's Estimate. The remuneration and associated pension and national insurance contributions are disclosed in Note 4 to the Accounts on page 96 as Consolidated Fund Standing Services.

#### Senior Management

The Audit (Northern Ireland) Order 1987 provides that the C&AG 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 as amended (designation of a member of staff as the Local Government Auditor).

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 C&AG 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.

Staff appointments are normally open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme (Northern Ireland).

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

Pay progression for all staff, including senior management, solely relates to an incremental pay scale step, where appropriate. The pay award involves a minimum percentage uplift in gross terms which is awarded to staff.

## Remuneration and Pension Entitlements

The following sections provide details of the remuneration and pension interests of the C&AG and members of the NIAO Senior Management Team. The information on pages 59 to 64 is covered by the audit opinion.

### Remuneration (including salary) and pension entitlements (Audited)

Single total figure of remuneration								
Official	Salary (£'000)		Benefits in kind (to nearest £100)		Pension Benefits* (to nearest £1000)		Total (£'000)	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
<b>Kieran Donnelly</b> C&AG	140-145	140-145	-	-			140-145	140-145
<b>Pamela McCreedy</b> COO (until 28 February 2021)	110-115 (115-120 full time equivalent)	115-120	-	-	42	45	150-155	160-165
<b>Rodney Allen</b> COO** (from 15 March 2021)	85-90	85-90	-	-	54	40	135-140	125-130
<b>Patrick Barr</b> Director	75-80	5-10 (70-75 full time equivalent from 26 February 2020)	-	-	55	3	130-135	5-10
<b>Neil Gray</b> Director	85-90	85-90	-	-	35	34	120-125	120-125
<b>Colette Kane</b> Director	85-90	85-90	-	-	40	83	125-130	170-175
<b>Suzanne Walsh</b> Director	75-80	10-15 (70-75 full time equivalent from 3 February 2020)	-	-	54	(1)	125-130	10-15
<b>Tomas Wilkinson</b> Director	85-90	85-90	-	-	40	43	125-130	130-135

\* The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation and any increase or decrease due to a transfer of pension rights.

\*\* Rodney Allen, previously Director, was appointed as Chief Operating Officer, commencing on 15 March 2021.

## Salary

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

## Bonus payments

'Bonus payments' are not made to our staff.

## Benefits in kind

The monetary value of '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 2020-21.

### Pay Multiples (Audited)

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.

	2020-21	2019-20
<b>Band of Highest Earner's Total Remuneration (£'000) *</b>	140-145	140-145
<b>Median Total Remuneration</b>	£36,342	£37,305
<b>Ratio</b>	3.9	3.8

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

The C&AG was the highest paid individual in the NIAO in 2020-21. His salary was in the range £140,000 to £145,000 (2019-20: £140,000 to £145,000). This was 3.9 times (2019-20: 3.8) the median remuneration of the workforce, which was £36,342 (2019-20: £37,305). In 2020-21, remuneration ranged from £4,250 to £141,322 (2019-20: £4,250 to £141,322).

### Non-Executive Members

During 2020-21, the following remuneration was payable to non-executives in undertaking their NIAO Advisory Board and ARAC duties:

	Date of contract	Length of contract (yrs)	2020-21 Salary £'000	2019-20 Salary £'000
Martin Pitt	01-12-18	3	10-12.5	10-12.5
Marie Mallon	01-04-19	3	5.5-7.5	2.5-5
Noel Hyndman	01-04-19	3	2.5-5	2.5-5
John Turkington	01-04-19	3	2.5-5	2.5-5

## Pension entitlements (Audited)

The pension entitlements of the C&AG and members of the NIAO Senior Management Team were as follows:

Name and Title	Accrued pension at pension age as at 31/3/21 and related lump sum	Real increase in pension and related lump sum at pension age	CETV* at 31 March 2021	CETV* at 31 March 2020 (or date of joining)	Real increase in CETV*
	£'000	£'000	£'000	£'000	£'000
<b>Kieran Donnelly**</b> C&AG	-	-	-	-	-
<b>Pamela McCreedy</b> COO (until 28 February 2021)	5-10 plus lump sum of 0	0-2.5 plus lump sum of 0	110	78	21
<b>Rodney Allen</b> COO*** (from 15 March 2021)	45-50 plus lump sum of 95-100	2.5-5 plus lump sum of 0-2.5	818	753	35
<b>Patrick Barr</b> Director	10-15 plus lump sum of 0	2.5-5 plus lump sum of 0	161	121	27
<b>Neil Gray</b> Director	20-25 plus lump sum of 0	0-2.5 plus lump sum of 0	378	335	23
<b>Colette Kane</b> Director	30-35 plus lump sum of 70-75	0-2.5 plus lump sum of 0-2.5	647	595	27
<b>Suzanne Walsh</b> Director	10-15 plus lump sum of 0	2.5-5 plus lump sum of 0	147	115	23
<b>Tomas Wilkinson</b> Director	25-30 plus lump sum of 45-50	0-2.5 plus lump sum of 0-2.5	434	393	22

\* CETV = cash equivalent transfer values

\*\* The C&AG has chosen to no longer be covered by the Northern Ireland Civil Service pension scheme.

\*\*\* Rodney Allen was appointed as Chief Operating Officer, commencing on 15 March 2021.

### Pension Arrangements

The Audit (Northern Ireland) Order 1987 provides for pensionable service by the C&AG 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 Consolidated Fund for Northern Ireland and no liability rests with the NIAO.

Pension benefits are provided through the Northern Ireland Civil Service pension schemes which are administered by Civil Service Pensions (CSP).

The alpha pension scheme was introduced for new entrants from 1 April 2015. The alpha scheme and all previous scheme arrangements are unfunded, with the cost of benefits met by monies voted each year. The majority of existing members of the classic, premium, classic plus and nuvos pension arrangements also moved to alpha from that date. Members who on 1 April 2012 were within 10 years of their normal pension age did not move to alpha and those who were within 13.5 years and 10 years of their normal pension age were given a choice between moving to alpha on 1 April 2015 or at a later date determined by their age. Alpha 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 accrual rate is 2.32 per cent.

Discrimination, identified by the courts in the way that the 2015 pension reforms were introduced, must be removed by the Department of Finance (DoF). It is expected that, in due course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period. The different pension benefits relate to the different schemes e.g. classic, alpha etc. and is not the monetary benefits received. This is known as the 'McCloud Remedy' and will impact many aspects of the Civil Service Pensions schemes including the scheme valuation outcomes. Further information on this will be included in the NICS pension scheme accounts which are available on the [DoF website](#).

Currently, new entrants joining can choose between membership of alpha or joining a 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account).

New entrants joining on or after 30 July 2007 were eligible for membership of the nuvos arrangement or they could have opted for a partnership pension account. Nuvos is also a CARE arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current accrual rate is 2.3 per cent.

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). Since April 2011, pensions payable under classic, premium, and classic plus have been reviewed annually in line with changes in the cost of living. New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of premium or joining the partnership pension account.



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 8 per cent and 14.75 per cent (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 per cent of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5 per cent of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

Active members of the pension scheme will receive an Annual Benefit Statement. The accrued pension quoted is the pension the member is entitled to receive when they reach their scheme pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. Scheme pension age is 60 for members of classic, premium, and classic plus and 65 for members of nuvos. The normal scheme pension age in alpha is linked to the member's state pension age but cannot be before age 65. Further details about the NICS pension schemes can be found on the [DoF website](#).

All pension benefits are reviewed annually in line with changes in the cost of living. Any applicable increases are applied from April and are determined by the Consumer Prices Index (CPI) figure for the preceding September. The CPI in September 2020 was 0.5 per cent and HM Treasury has announced that public service pensions will be increased accordingly from April 2021.

Employee contribution rates for all members for the period covering 1 April 2021– 31 March 2022 are as follows:

#### Scheme Year 1 April 2021 to 31 March 2022

Annualised Rate of Pensionable Earnings (Salary Bands)		Contribution rates – All members
From	To	From 01 April 2021 to 31 March 2022
£0	£24,199.99	4.6%
£24,200.00	£54,799.99	5.45%
£55,800.00	£153,299.99	7.35%
£153,300.00 and above		8.05%

### 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 NICS pension 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 2015 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 or 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. However, the real increase calculation uses common actuarial factors at the start and end of the period so that it disregards the effect of any changes in factors and focuses only on the increase that is funded by the employer.

### Compensation for loss of office (Audited)

No members of senior management lost office in 2020-21.

## Staff Report

The 114 permanent full time equivalent staff at 31 March 2021 (2019-20: 102) comprised:

	Male	Female
Senior Management Team	4	2
Other Staff	49	59
<b>Total</b>	<b>53</b>	<b>61</b>

The increase in the number of permanent staff reflects planned recruitment.

### Staff Costs (Audited)

Staff costs comprise:

	2020-21 £'000			2019-20 £'000
	Permanently employed staff	Others	Total	Total
Wages and Salaries	4,892	-	4,892	4,561
Social Security Costs	522	-	522	480
Other Pension Costs	1,528	-	1,528	1,400
<b>Total net costs</b>	<b>6,942</b>	<b>-</b>	<b>6,942</b>	<b>6,441</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. He is also therefore not included in the above staff number full-time equivalent analysis.

The Northern Ireland Civil Service main pension schemes are unfunded multi-employer defined benefit schemes but the NIAO is unable to identify its share of the underlying assets and liabilities.

The Public Service Pensions Act (NI) 2014 provides the legal framework for regular actuarial valuations of the public service pension schemes to measure the costs of the benefits being provided. These valuations inform the future contribution rates to be paid into the schemes by employers every four years following the scheme valuation. The Act also provides for the establishment of an employer cost cap mechanism to ensure that the costs of the pension schemes remain sustainable in future.

The Government's Actuary Department (GAD) is responsible for carrying out scheme valuations. The Actuary reviews employer contributions every four years following the scheme valuation. The 2016 scheme valuation was completed by GAD in March 2019. The outcome of this valuation was used to set the level of contributions for employers from 1 April 2019 to 31 March 2023.

The 2016 Scheme Valuation requires adjustment as a result of the 'McCloud remedy'. DoF have also commissioned a consultation in relation to the Cost Cap Valuation which will close on 25 June 2021. By taking into account the increased value of public service pensions, as a result of the 'McCloud remedy', scheme cost control valuation outcomes will show greater costs than otherwise would have been expected. On completion of the consultation the 2016 Valuation will be completed and the final cost cap results will be determined.

For 2020-21, employers' contributions of £1,528,237.22 were payable to the NICS pension arrangements (2019-20: £1,399,806.81) at one of three rates in the range 28.7 per cent to 34.2 per cent of pensionable pay, based on salary bands.

This change is primarily due to the reduction in the SCAPE discount rate (as announced at Budget 2018) to 2.4 per cent per annum above CPI. The contribution rates are set to meet the cost of the benefits accruing during 2019-20 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. In 2020-21, employer contributions of £nil (2019-20: £nil) were paid to one or more of the panel of two appointed stakeholder pension providers. Employer contributions are age-related and range from 8 per cent to 14.75 per cent (2019-20: 8 per cent to 14.75 per cent) of pensionable pay.

The partnership pension account offers the member the opportunity of having a 'free' pension. The employer will pay the age-related contribution and if the member does contribute, the employer will pay an additional amount to match member contributions up to 3 per cent of pensionable earnings.

Employer contributions of £nil, 0.5 per cent (2019-20: £nil, 0.5 per cent) of pensionable pay, were payable to the NICS Pension schemes to cover the cost of the 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 (2019-20: 0 persons) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £nil (2019-20: £nil).

### Average number of persons employed (Audited)

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

2020-21			2019-20
Permanent Staff	Others	Total	Total
111	-	111	100

### Reporting of Civil Service and other compensation schemes - exit packages (Audited)

There were no compulsory redundancies in 2020-21 (2019-20; nil). There were no other compensation schemes in 2020-21.

## 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.

We closely monitor sickness absence figures and it has been a standing item on the agenda of Senior Management Team meetings. The figures for the past three years are:

Year	Average days' sickness absence per employee	% Absence
2018-19	7.9	3.07
2019-20	8.3	3.18
2020-21	5.0	1.95

Our target of six days was achieved. Unavoidable absences due to sickness and injury will of course occur and we are committed to supporting the health of our staff. We provide a range of positive healthcare and fitness initiatives. In dealing with individual absences, we act reasonably and fairly at all times, taking account of all the circumstances and engaging Occupational Health where appropriate.

## Staff engagement

We conducted an Employee Survey during 2018-19 and again in 2019-20. This comprised 135 questions, with the majority of these mirroring the Northern Ireland Civil Service survey to allow for benchmarking with comparable organisations. Additional questions were added to gain an understanding of our employees' engagement, results of which can be benchmarked using the Utrecht Workplace Engagement Score, and our employees' wellbeing using the Short Warwick Edinburgh Mental Wellbeing Scale.

The survey was completed by 83 per cent of staff. The survey found that we compare favourably when examined against the Northern Ireland Civil Service Employee Engagement Index. The survey demonstrated improved employee engagement scores in all areas with the exception of the employee perspective of their own well-being based on the Short Warwick Edinburgh scale. This may be indicative of the impact of working through lockdown during the COVID-19 pandemic. Within the results, areas of strength and areas for focus and action planning have been identified. These are being addressed through a strategy and an action plan collaboratively developed with our staff and Trade Union side.

Index Results		2019	2020
<b>UWES-3</b>	Utrecht Workplace Engagement Score	4.46	4.68
<b>EEl</b>	NICS Overall Indicator of Employee Engagement	60%	70%
<b>WWI</b>	Figure of Employee perspective of the 10 enablers of workplace wellbeing	57%	66%
<b>SWEMWS</b>	Employee perspective of their own wellbeing based on the Short Warwick Edinburgh scale	25.03	23.83

In the wake of the COVID-19 pandemic and the NIAO's rapid shift to home working in response to official guidance, staff engagement was also facilitated through a regular 'Pulse Survey', which was first utilised in May 2020. The survey provided insight into staff member's experiences and responses to the pandemic and new working arrangements, also giving staff members an opportunity to share concerns and make suggestions to help inform and guide the organisation's response. By 31 March 2021, a total of 15 Pulse Surveys had been issued, with an average of 52 respondents to these.

### Staff equality policies

We are fully committed to the effective promotion of equality of opportunity in all our employment policies and procedures. This includes ensuring that all applications for employment are considered fairly and consistently, on the basis of merit. We strive to create an environment where all our staff are valued and encouraged to develop to their full potential. We recognise that the provision of equality of opportunity in the workplace is not only good management practice, it also makes sound business sense. Our policies will help all employees to develop to their full potential, and the talents and resources of the workforce will be fully utilised to maximise the efficiency of our Office.

In April 2020, a new policy addressing Temporary Promotions at the NIAO was agreed. We will continue to consult as widely as possible to ensure that any organisation or group which has a legitimate, particular interest in our work and/or our policies will be included in the process of engagement.

### Consultancy

In 2020-21, we paid £14,000 (2019-20: £22,000) to external consultants. This amount is included in Professional Services Bought In which is disclosed in Note 4 to the Financial Statements.

### Temporary staff

In 2020-21, we paid £nil (2019-20: £64,714) for temporary staff. This amount is included in Note 3 to the Financial Statements.

### '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, DoF requires disclosure of such engagements that were in place during 2020-21. We had no off-payroll engagements that cost more than £245 per day, lasted longer than six months, and were in place at any time during 2020-21.

### Investors in People (IIP)

A new People Strategy was agreed in September 2020 which will underpin our development in the immediate years ahead. One key action identified was a goal to explore and secure Investors in People (IIP) accreditation. The IIP Standard is a business improvement tool designed to advance an organisation's performance through its employees. It helps organisations to improve performance and realise objectives through the management and development of their people. Standard Accreditation was awarded in April 2021 following a full and thorough survey of our staff, as well as the IIP review of policies, procedures and practice at the NIAO. This accreditation will provide us with a framework for ongoing improvement at NIAO.

### Real Living Wage

The NIAO became an accredited Real Living Wage employer in April 2020. Those employees most impacted are our Higher Level Apprentices who achieve maximum benefit as they fall primarily into the under 23 age bracket. We believe that paying a fair wage assists us in providing a fair wage for all our employees and helps to achieve our ambition towards becoming an employer of choice.

## ASSEMBLY ACCOUNTABILITY AND AUDIT REPORT

### Statement of Outturn against Assembly Supply (Audited)

In addition to the primary statements prepared under International Financial Reporting Standards (IFRS), the Government Financial Reporting Manual (FReM) requires the NIAO to prepare a Statement of Outturn against Assembly Supply (SOAS) and supporting notes.

The SOAS and related notes are subject to audit, as detailed in the Certificate and Report of Baker Tilly Mooney Moore to the Northern Ireland Assembly.

The SOAS is a key accountability statement that shows, in detail, how an entity has spent against its Supply Estimate. Supply is the monetary provision for resource and cash (drawn primarily from the Consolidated Fund) that the Assembly gives statutory authority for entities to utilise. The Estimate details Supply and is voted on by the Assembly at the start of the financial year and is then normally revised by a Supplementary Estimate at the end of the financial year. It is the final Estimate, normally the Spring Supplementary Estimate, which forms the basis of the SOAS.

Should an entity exceed the limits set by its Supply Estimate, called control limits, its accounts will receive a qualified opinion.

The format of the SOAS mirrors the Supply Estimates, to enable comparability between what the Assembly approves and the final outturn. The Supply Estimates are voted by the Assembly and published on the [DoF website](#).

The supporting notes detail the following: Outturn detail by Estimate line, providing a more detailed breakdown (note 1); a reconciliation of outturn to net operating expenditure in the Statement of Comprehensive Net Expenditure (SOCNE), to tie the SOAS to the financial statements (note 2); a reconciliation of net resource outturn to net cash requirement (note 3); an analysis of income payable to the Consolidated Fund (note 4); a reconciliation of income recorded within the Statement of Comprehensive Net Expenditure to operating income payable to the Consolidated Fund (note 5); and detail on non-operating income – excess Accruing Resources (note 6).

The SOAS and Estimates are compiled against the budgeting framework, which is similar to, but different from IFRS. An understanding of the budgeting framework and an explanation of key terms is provided on page 32, in the financial review section of the Performance Report. Further information on the Public Spending Framework and the reasons why budgeting rules are different to IFRS can also be found in chapter 1 of the Consolidated Budgeting Guidance, available on [www.gov.uk](http://www.gov.uk).

The SOAS provides a detailed view of financial performance, in a form that is voted on and recognised by the Assembly. The financial review, in the Performance Report, provides a summarised discussion of outturn against estimate, and functions as an introduction to the SOAS disclosures.



## Summary tables – mirror part II and III of the Estimates

Summary table, 2020-21

	Note	OUTTURN			ESTIMATE			2020-21 Net total outturn compared with Estimate: saving/ (excess) £'000	2019-20 OUTTURN £'000
		Gross Expenditure £'000	Accruing Resources £'000	Net Total £'000	Gross Expenditure £'000	Accruing Resources £'000	Net Total £'000		
Request for Resource A*	SOAS1	9,968	2,641	7,327	10,245	2,665	7,580	253	6,663
<b>Total resources</b>	SOAS2	<b>9,968</b>	<b>2,641</b>	<b>7,327</b>	<b>10,245</b>	<b>2,665</b>	<b>7,580</b>	<b>253</b>	<b>6,663</b>
Non-Operating Accruing Resources		-	-	-	-	-	-	-	-

\* Request for Resource A: Providing audit and other assurance services and promoting economy, efficiency and effectiveness in the use of public funds and resources.

## Net Cash Requirement 2020-21

	Note	2020-21 £'000			2018-19 £'000
		Outturn	Estimate	Net Total outturn compared with Estimate: saving/(excess)	Outturn
<b>Net Cash Requirement</b>	SOAS3	7,442	7,870	428	7,060

### Summary of income payable to the Consolidated Fund

In addition to accruing resources, the following income relates to the NIAO and is payable to the Consolidated Fund (*cash receipts being shown in italics*):

	Note	2020-21 £'000 Forecast		2020-21 £'000 Outturn	
		Income	<i>Receipts</i>	Income	<i>Receipts</i>
<b>Total</b>	SOAS4	-	-	-	-

Explanations of variances between the Estimate and outturn figures are given in Note SOAS1 and the Performance Report.

### Notes to the Statement of Outturn against Assembly Supply, 2020-21

This note mirrors Part II of the Estimates: (Revised) Subhead Detail and Resource to Cash Reconciliation.

#### SOAS note 1. Outturn detail, by Estimate line

	2020-21 £'000								2019-20 £'000
	OUTTURN						ESTIMATE		Prior Year Outturn
	Admin	Other Current	Grants	Gross Resource Expenditure	Accruing Resources	Net Total	Net Total	Outturn vs Estimate, saving/ (excess)	
<b>Request for Resources A</b>									
Function A-1	-	9,719	249	9,968	2,641	7,327	7,580	253	6,663
<b>RESOURCE OUTTURN</b>	-	<b>9,719</b>	<b>249</b>	<b>9,968</b>	<b>2,641</b>	<b>7,327</b>	<b>7,580</b>	<b>253</b>	<b>6,663</b>

Savings arose from:

- a decrease in forecast salary costs arising from the timing of recruitment; and
- reductions in travel and training expenditure due to COVID-19.

#### Key to Request for Resources and Functions

Request for Resources A: Providing audit and other assurance services and promoting economy, efficiency and effectiveness in the use of public funds and resources.

Function A-1: Audit and Assurance Services (Departmental Expenditure Limit)

## SOAS note 2. Reconciliation of outturn to net operating expenditure

		2020-21 £'000			2019-20 £'000
		Outturn	Supply Estimate	Outturn compared with Estimate	Outturn
Net Resource Outturn	SOAS1	7,327	7,580	253	6,663
Non-supply income (CFERs)	SOAS5	-	-	-	(1)
Non-supply expenditure	4	160	160	-	160
<b>Net Operating Cost in Statement of Comprehensive Net Expenditure</b>	SOCNE	<b>7,487</b>	<b>7,740</b>	<b>253</b>	<b>6,822</b>

As noted in the introduction to the SOAS above, outturn and the estimates are compiled against the budgeting framework, which is similar to, but different from, IFRS. Therefore, this note reconciles the resource outturn to net operating expenditure, linking the SOAS to the financial statements.

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

This note mirrors Part II of the Estimates: Resource to Cash Reconciliation.

	Note	Outturn £'000	Estimate £'000	Net Total Outturn compared with Estimate: Saving/(Excess) £'000
<b>Net Resource Outturn</b>	SOAS1	7,327	7,580	253
<b>Capital</b>				
Acquisition of non-current assets	6,7	278	330	52
<b>Accruals to cash adjustments:</b>				
<i>Adjustments to remove non-cash items:</i>				
Depreciation	4	(134)	(140)	(6)
Changes in working capital other than cash		(29)	100	129
<b>Net Cash Requirement</b>		<b>7,442</b>	<b>7,870</b>	<b>428</b>

As noted in the introduction to the SOAS above, outturn and the estimates are compiled against the budgeting framework, not on a cash basis. This reconciles the resource outturn to the net cash requirement.

**SOAS note 4. Analysis of Income payable to the Consolidated Fund**

This note mirrors Part III of the Estimates: Extra Receipts Payable to the Consolidated Fund.

In addition to Accruing Resources, the following income relates to the Office and is payable to the Consolidated Fund (*cash receipts being shown in italics*).

	2020-21 Forecast £'000		2020-21 Outturn £'000	
	Income	<i>Receipts</i>	Income	<i>Receipts</i>
Operating income and receipts - excess Accruing Resources	-	-	-	-
Other operating income and receipts not classified as Accruing Resources	-	-	-	-
<b>Total income payable to the Consolidated Fund</b>	-	-	-	-

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

	Note	2019-20 £'000	2018-19 £'000
Operating Income	5	2,641	2,657
Income authorised to be used as Accruing Resources		2,641	2,656
<b>Operating income payable to the Consolidated Fund</b>	SOAS4	-	<b>1</b>

**SOAS note 6. Non-operating income - Excess Accruing Resources**

The NIAO did not have any non-operating excess accruing resources in 2020-21 (2019-20: 0).

## Other Assembly Accountability Disclosures (Audited)

### 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.

### Fees and Charges

The Office has a target of recovering the full cost of undertaking fee paying work.

	2020-21 £'000			2019-20 £'000		
	Income	Full Cost	Surplus/ (deficit)	Income	Full Cost	Surplus/ (deficit)
<b>Fee Income</b>						
NAO Agency Fees	586	479	107	523	541	(18)
Other Financial Audit Fees	1,090	1,343	(253)	1,031	1,142	(111)
Local Government Audit Fees	737	855	(118)	879	920	(41)
NFI	161	161	-	-	-	-
	<b>2,574</b>	<b>2,838</b>	<b>(264)</b>	<b>2,433</b>	<b>2,603</b>	<b>(170)</b>
<b>Other Income</b>						
CFERs	-			-		
Income from secondments	59			134		
Rental Income	8			90		
	<b>2,641</b>			<b>2,657</b>		

The information here is provided solely to meet the requirements of the Department of Finance's "Fees and Charges" guide and is not disclosed for the purpose of IFRS 8.

Variations in fee income and costs, when comparing one year with another, are primarily due to differences in the timing of when some audits are completed.

### Remote Contingent Liabilities

In addition to contingent liabilities reported within the meaning of International Accounting Standard (IAS) 37, the Office is required to report liabilities for which the likelihood of economic benefit in settlement is too remote to meet the definition of a contingent liability. The Office has no such liabilities.

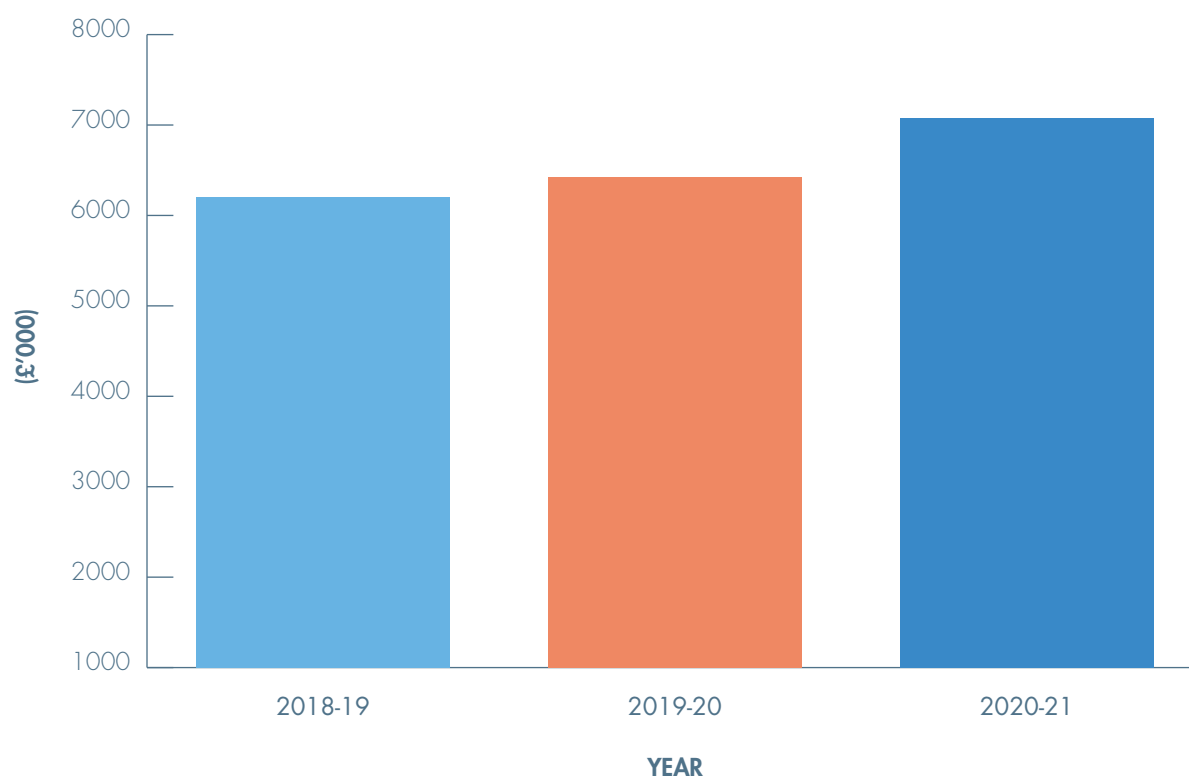
### Long-Term Expenditure Trends

The Office's outturn in Estimate and Budget terms for the period 2018-19 to 2020-21 is set out below.

#### Estimate

	2018-19 £'000	2019-20 £'000	2020-21 £'000
<b>Net Resource Outturn (NRO)</b>	<b>6,931</b>	<b>6,663</b>	<b>7,327</b>
Voluntary Exit Scheme (VES) Expenditure	728	-	-
SBRI/GovTech	-	238	249
<b>NRO excluding VES and SBRI/GovTech</b>	<b>6,203</b>	<b>6,425</b>	<b>7,078</b>

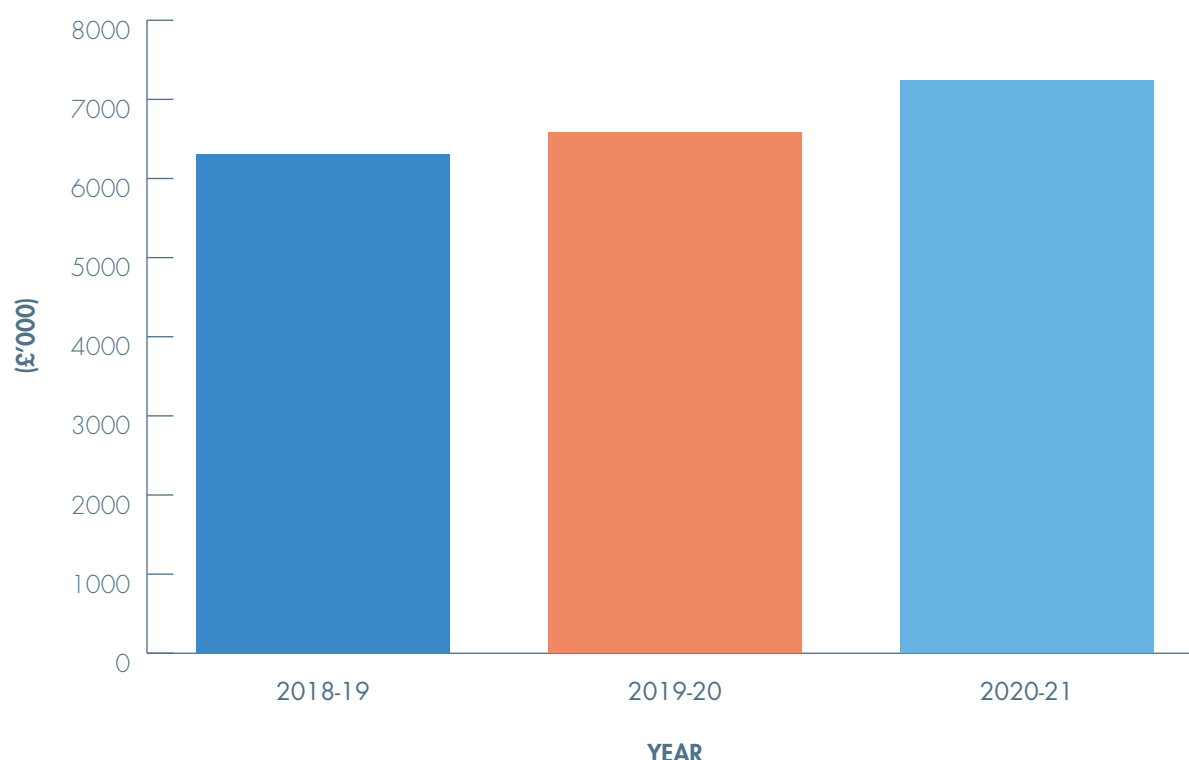
#### Net Resource Outturn excluding VES and SBRI/Govtech



As indicated on page 34, staff costs account for approximately 69 per cent of the Office's Gross Outturn (2019-20; 68 per cent). The Statement of Comprehensive Net Expenditure on page 86 and its notes provide a breakdown of income and expenditure in 2019-20 and 2020-21.

	2018-19 £'000	2019-20 £'000	2020-21 £'000
Resource DEL	7,045	6,584	7,238
Resource AME	(15)	(-)	(-)
<b>Resource Budget Outturn</b>	<b>7,030</b>	<b>6,584</b>	<b>7,238</b>
VES Expenditure	728	-	-
<b>Resource Budget Outturn excluding VES</b>	<b>6,302</b>	<b>6,584</b>	<b>7,238</b>

### Net Resource Budget excluding VES



The Budget Outturn differs from the Estimate Outturn as it includes Consolidated Fund Standing Services but excludes Research and Development (R&D). R&D is included as Capital DEL in the Budget but accounted for as resource spend in the SOCNE and in the Estimate. R&D is therefore a reconciling item between the Budget and the Estimate. The NIAO had £249,000 of Small Business Research Initiative (SBRI) R&D expenditure during 2020-21 to progress a data analytics project. Resource AME (Annually Managed Expenditure) relates to the increase and spend of the Office's Early Retirement Cost provision.

### Capital Outturn

	2018-19 £'000	2019-20 £'000	2020-21 £'000
<b>Capital DEL</b>	<b>45</b>	<b>168</b>	<b>278</b>
Research & Development Expenditure (GovTech/SBRI)	-	238	249
<b>Capital DEL (Budget)</b>	<b>45</b>	<b>406</b>	<b>527</b>

Capital relates to ICT, R&D and our accommodation project. ICT provision is outsourced to IT Assist (part of the Northern Ireland Civil Service's Shared Services Centre) but excludes specific line of business applications such as audit management software which the Office will continue to invest in. Research & Development expenditure relates to GovTech/Small Business Research Initiative (SBRI) funding. Data Analytics is a fast developing area which will have an impact on the audit process in the future. The NIAO secured grant funding in 2020-21 through the Department for the Economy's Small Business Research Initiative (SBRI) and in 2019-20 through the Department for Business, Energy and Industrial Strategy's GovTech initiative. This funding

was directly allocated as grants to successful applicant organisations to conduct research in this area and to help develop new techniques or systems. Expenditure on our accommodation project continued in the current year. To date the costs have comprised standard professional fees and design costs which were capitalised as part of this long term capital project. These costs are included as 'assets under construction' in note 6. Further information on the capital accommodation project is disclosed on page 35.

A handwritten signature in black ink, reading "Kieran Donnelly". The signature is written in a cursive style with a large 'K' and 'D'.

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

**02 July 2021**



## 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 2021 under the Audit (Northern Ireland) Order 1987. These financial statements 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. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting standards (IFRSs) as adopted by the European Union, and as interpreted and adopted by the 2020-21 Government Financial Reporting Manual (the 2020-21 FReM). We have also audited the Statement of Outturn against Assembly Supply, and the related notes, and the information in the Accountability Report that is described in that report as having been audited.

### 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 2021 and of its net operating expenditure, cash flows and changes in taxpayers' equity for the year then ended;
- the financial statements have been properly prepared in accordance with the Audit (Northern Ireland) Order 1987 and the relevant Department of Finance guidance; and
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adopted by the 2020-21 FReM.

### Opinion on Regularity

In our opinion, in all material respects:

- the Statement of Outturn against Assembly Supply properly presents the outturn against voted Assembly control totals for the year ended 31 March 2021 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.

### Basis of opinions

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the accounts section of our report. We are independent of the Northern Ireland Audit Office in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinions.

### Basis for the regularity opinion on the financial statements

We are required to obtain evidence sufficient to give reasonable assurance that the expenditure to which the statement relates has been incurred lawfully and in accordance with the authority that governs it and that the money to which the statement relates, received by the Northern Ireland Audit Office for a particular purpose or particular purposes, has not been expended otherwise than for that purpose or purposes. We have conducted our work in accordance with the Statement of Recommended Practice, Practice Note 10 Audit of financial statements of public sector bodies in the United Kingdom in this respect.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters to which the ISAs(UK) require us to report to you where:

- the Accounting Officer's use of the going concern basis of accounting in the preparation of the accounts is not appropriate; or
- the Accounting Officer has not disclosed in the accounts any identified material uncertainties that may cast significant doubt about the Northern Ireland Audit Office's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the accounts are authorised for issue.

### Other information

The Accounting Officer is responsible for the other information included in the annual report. The other information comprises the information included in the annual report other than the financial statements, the parts of the Accountability Report described in the report as having been audited, and our audit certificate and report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Opinion on other matters

In our opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with the guidance issued by the Department of Finance; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer 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 and for such internal control as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the accounts the Accounting Officer is responsible for assessing the Northern Ireland Audit Office's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Northern Ireland Audit Office plans to cease operations or has no realistic alternative but to do so.

The Accounting Officer is responsible for the propriety and regularity of the public finances, for keeping proper books and for safeguarding assets, as set out in the Statement of Accounting Officer's Responsibilities.

## 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 parts of the Accountability 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's guidance; or
- certain disclosures of Board and staff remuneration specified by the Government Financial Reporting Manual are not made.

## Auditor's responsibilities for the audit of the financial statements

Our responsibility is to audit, certify and report on the financial statements in accordance with the Audit (Northern Ireland) Order 1987.

We are required to obtain 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. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

### The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we gained an understanding of the legal and regulatory framework applicable to the Northern Ireland Audit Office through discussions with management, and from our wider knowledge and experience;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Northern Ireland Audit Office, including the Audit (Northern Ireland) Order 1987. We also considered the risks of non-compliance with the other key legislation and we considered the extent to which non-compliance might have a material effect on the financial statements
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Northern Ireland Audit Office's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 1 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- attending all Audit & Risk Assurance Committee meetings during the year and reviewing the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;
- enquiring of management as to whether there has been any legal correspondence.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the accounting officer and other management and the inspection of regulatory and legal correspondence, if any.

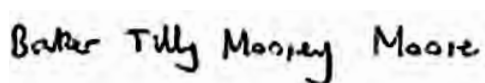
The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our certificate.

In addition, we required to obtain evidence sufficient to give reasonable assurance that the Statement of Outturn against Assembly Supply properly presents the outturn against voted Assembly control totals and that those totals have not been exceeded. We are also 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 Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### Use of our report

This report is made solely to the Northern Ireland Assembly, as a body, in accordance with the Audit (Northern Ireland) Order 1987. Our audit work has been undertaken so that we might state to the Northern Ireland Assembly those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Northern Ireland Audit Assembly as a body, for our audit work, for this report or for the opinions we have formed.

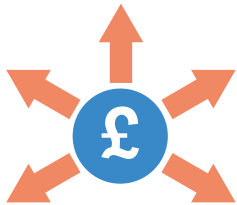


**Baker Tilly Mooney Moore**  
**Chartered Certified Accountants and Registered Auditor**  
**17 Clarendon Road**  
**Clarendon Dock**  
**Belfast**  
**BT1 3BG**

**02 July 2021**



# Financial Statements



## Net Expenditure

2020-21: £7.49 million  
2019-20: £6.82 million



## Audit Fee Income

2020-21: £2.57 million  
2019-20: £2.43 million



## Other Income

2020-21: £67,000  
2019-20: £224,000



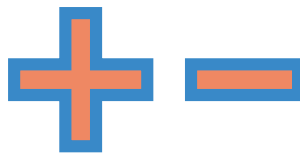
## Staff Costs

2020-21: £6.94 million  
2019-20: £6.44 million



## Other Costs

2020-21: £3.19 million  
2019-20: £3.04 million



## Total assets less liabilities

2020-21: £4.20 million  
2019-20: £3.98 million

## Statement of Comprehensive Net Expenditure

For the year ended 31 March 2021

This account summarises the expenditure and income generated and consumed on an accruals basis. It also includes other comprehensive income and expenditure, which includes, for example, changes to the values of non-current assets and other financial instruments that cannot yet be recognised as income or expenditure.

	Note	2020-21		2019-20	
		£'000	£'000	£'000	£'000
<b>Other Operating Income</b>	5		(2,641)		(2,657)
Staff Costs	3	6,942		6,441	
Purchase of Goods and Services	4	3,051		2,907	
Depreciation	4	134		124	
Tax expense		1		7	
<b>Total Operating Expenditure</b>			<b>10,128</b>		<b>9,479</b>
<b>Net Operating Expenditure</b>	SOAS2		<b>7,487</b>		<b>6,822</b>
<b>Other Comprehensive Net Expenditure</b>					
Items that will not be reclassified to net operating costs:					
– Net (gain) on revaluation of Property, Plant and Equipment	6/7		(106)		(297)
<b>Comprehensive Net Expenditure for the year</b>			<b>7,381</b>		<b>6,525</b>

The notes on pages 90 to 104 form part of these accounts



## Statement of Financial Position

as at 31 March 2021

This statement presents the financial position of the Office. It comprises three main components: assets owned or controlled; liabilities owed to other bodies; and equity, the remaining value of equity.

	Note	31 March 2021 £'000	31 March 2020 £'000
<b>Non-current Assets</b>			
Property, Plant and Equipment	6	3,963	3,727
Intangible Assets	7	23	9
<b>Total non-current assets</b>		<b>3,986</b>	<b>3,736</b>
<b>Current Assets</b>			
Trade and other receivables	9	967	830
Cash and cash equivalents	10	372	114
<b>Total current assets</b>		<b>1,339</b>	<b>944</b>
<b>Total Assets</b>		<b>5,325</b>	<b>4,680</b>
<b>Current liabilities</b>			
Trade and other payables	11	(1,124)	699
Provisions	12	–	–
<b>Total current liabilities</b>		<b>(1,124)</b>	<b>(699)</b>
<b>Total assets less current liabilities</b>		<b>4,201</b>	<b>3,981</b>
<b>Non-current liabilities</b>			
Provisions	12	–	–
<b>Total non-current liabilities</b>		<b>–</b>	<b>–</b>
<b>Total assets less liabilities</b>		<b>4,201</b>	<b>3,981</b>
<b>Taxpayers' equity:</b>			
General Fund		3,051	2,752
Revaluation Reserve		1,150	1,229
<b>Total equity</b>		<b>4,201</b>	<b>3,981</b>



**Kieran Donnelly CB**

**Comptroller and Auditor General for Northern Ireland**

**02 July 2021**

The notes on pages 90 to 104 form part of these accounts

## Statement of Cash Flows for the year ended 31 March 2021

The Statement of Cash Flows shows the changes in cash and cash equivalents of the Office during the reporting period. The statement shows how the Office generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of services costs and the extent to which these operations are funded by way of income from the recipients of services provided by the Office. Investing activities represent the extent to which cash inflows and outflows have been made for resources which are intended to contribute to the Office's future public service delivery.

	Note	2020-21 £'000	2019-20 £'000
<b>Cash flows from operating activities</b>			
Net operating expenditure		(7,487)	(6,822)
Adjustment for non-cash transactions	4	134	124
(Increase) / Decrease in trade and other receivables	9	(137)	295
Increase / (Decrease) in trade payables	11	425	(734)
less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure		(224)	111
Use of provisions	12	–	–
<b>Net cash outflow from operating activities</b>		<b>(7,289)</b>	<b>(7,026)</b>
<b>Cash flows from investing activities</b>			
Purchase of Property, Plant and Equipment	6,11	(287)	(133)
Purchase of intangible assets	7	(26)	–
<b>Net cash outflow from investing activities</b>		<b>(313)</b>	<b>(133)</b>
<b>Cash flows from financing activities</b>			
From the Consolidated Fund (Supply) – current year		7,700	6,974
From the Consolidated Fund (non-Supply)	4	160	160
<b>Net financing</b>		<b>7,860</b>	<b>7,134</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>258</b>	<b>(25)</b>
Payments of amounts due to the Consolidated Fund		–	(61)
<b>Net increase / (decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund</b>		<b>258</b>	<b>(86)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	10	114	200
<b>Cash and cash equivalents at the end of the period</b>	10	<b>372</b>	<b>114</b>

The notes on pages 90 to 104 form part of these accounts

## Statement of Changes in Taxpayers' Equity

for the year ended 31 March 2021

This statement shows the movement in the year on the different reserves held by the Office analysed into 'general fund reserves' (i.e. those reserves that reflect a contribution from the Consolidated Fund). The Revaluation Reserve reflects the change in asset values that have not been recognised as income or expenditure. The General Fund represents the total assets less liabilities of the Office, to the extent that the total is not represented by other reserves and financing items.

	Note	General Fund £'000	Revaluation Reserve £'000	Taxpayers' Equity £'000
<b>Balance at 31 March 2019</b>		<b>2,258</b>	<b>1,029</b>	<b>3,287</b>
Net Assembly Funding - drawn down		6,974	–	6,974
Net Assembly Funding - deemed		200	–	200
Consolidated Fund Standing Services	4	160	–	160
Supply payable adjustment	11	(114)	–	(114)
CFERs payable to the Consolidated Fund	SOAS4	(1)	–	(1)
Comprehensive Net Expenditure for the year		(6,822)	297	(6,525)
Other reserves movements including transfers		97	(97)	–
<b>Balance at 31 March 2020</b>		<b>2,752</b>	<b>1,229</b>	<b>3,981</b>
Net Assembly Funding - drawn down		7,700		7,700
Net Assembly Funding - deemed		114		114
Consolidated Fund Standing Services	4	160		160
Supply payable adjustment	11	(372)		(372)
CFERs payable to the Consolidated Fund	SOAS5	–	–	–
Comprehensive Net Expenditure for the year		(7,487)	106	(7,381)
Other reserves movements including transfers		184	(185)	(1)
<b>Balance at 31 March 2021</b>		<b>3,051</b>	<b>1,150</b>	<b>4,201</b>

The notes on pages 90 to 104 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 requires the NIAO to prepare resource accounts.

In meeting this requirement, the financial statements have been prepared in accordance with the 2020-21 *Government Financial Reporting Manual (FReM)* issued by the Department of Finance. The accounting policies contained in FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be the most appropriate to the particular circumstances of the NIAO for the purpose of giving a true and fair view has been selected. The particular policies adopted by the NIAO 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, the FReM also requires the Office to prepare one additional primary statement. The *Statement of Outturn against 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 Property, plant and equipment

Land and buildings have been included on the basis of interim professional valuations performed by Land & Property Services (LPS). The interim valuations provided by LPS as at 31 October 2020 are open market value existing use, with the building valued on the basis of fitted out accommodation rather than solely as the shell of the building. Consequently certain items previously included with furniture and fittings are now classified as buildings. A full professional valuation is required every 5 years. The date of the last full valuation by LPS was on 31 October 2018.

Information technology and furniture 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.

The ongoing COVID-19 crisis introduces significant uncertainty in relation to many factors that have historically acted as drivers for property market activity. This could affect market values which are used as the basis for the valuation. Management acknowledges the uncertainty but considers that there is little or no empirical evidence available that there is an impact of COVID-19 on local property market activity relevant to the valuation of the 106 University Street

property. While this lack of evidence reduces the level of certainty that can be attached to such a valuation, management considers that the valuation provided is an appropriate basis on which to determine the property's fair value at the date of reporting.

### 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 also been restated using valuation indices produced by the Office for National Statistics.

### 1.4 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. Asset lives are normally in the following ranges:

<b>Information Technology</b>	<b>3 to 7 years</b>
<b>Furniture</b>	<b>5 to 20 years</b>

The building is depreciated over a 34 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.

### 1.5 Work in progress

Work in progress relates to a proportion of auditor fees that have been earned by the end of the financial year but where a fee has not yet been issued. The calculation is based on the amount of audit work completed by the end of the financial year as a proportion of the total expected amount of audit work, less any foreseen losses and payments received on account.

### 1.6 Income

Income principally comprises fees and charges for services provided by statute or by agreement with the National Audit Office (NAO) and client organisations. This 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.

Further details of the NIAO's application of IFRS 15 to audit assignments are set out in Note 5.

Income not only includes accruing resources approved in the Estimate but also income due to the Consolidated Fund, which, in accordance with the FReM, is treated as operating income. Operating income is stated net of Value Added Tax.

### 1.7 Secondment income

The NIAO secondments staff to other organisations in the public sector. It will typically seek to recover the associated salary costs of the staff member on secondment. However, the NIAO may at times subsidise the cost of this secondment where it is in its strategic interests to do so and where the experience and skills gained through the secondment will bring future benefit to the NIAO.

### 1.8 Rental income

The NIAO has entered into agreements to sublet part of its property. Rental income is recognised within other operating income on a straight-line basis over the term of the lease. A separate service charge is levied to recover costs borne by the NIAO.

### 1.9 Pensions

Past and present employees of the NIAO are covered by the provisions of the Principal Civil Service Pension Scheme (Northern Ireland) (PCSPS (NI)). The defined benefit scheme is unfunded. 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 the PCSPS (NI). In respect of defined contribution schemes, the Office recognises the contribution payable for the year.

### 1.10 Early Departure Costs

The NIAO 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 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 NIAO 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 (VAT). The Office can recover VAT at a partial exemption rate. For 2020-21 this was at a rate of 6 per cent (2019-20: 6 per cent), 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 NIAO does not hold any complex financial instruments. The only financial instruments included in the accounts are receivables and payables. Trade receivables are recognised initially at fair value less provision for impairment. A provision for impairment is made when there is evidence that the Office will be unable to collect an amount due in accordance with agreed terms.

### 1.15 Impending application of newly issued accounting 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.

IFRS 16 Leases has been issued but will not be effective in the public sector until 1 April 2022 due to the circumstances caused by COVID-19.

We have carried out an assessment of the new standard on leases and have concluded that there will be no impact on the NIAO's financial statements. Under IFRS 16, the operating lease commitments disclosed in note 14.2 would be recognised as an asset and liability on the Statement of Financial Position. The NIAO's sole operating lease is for temporary accommodation which will have expired by the time IFRS 16 becomes effective.

## 2. Statement of Operating Costs by Operating Segment

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

	2020-21			2019-20		
	Gross Expenditure £'000	Income £'000	Net Expenditure £'000	Gross Expenditure £'000	Income £'000	Net Expenditure £'000
Financial Audit	7,086	2,413	4,673	6,129	2,433	3,696
Public Reporting	2,025	–	2,025	2,154	–	2,154
Governance and Fraud Prevention and Detection	467	161	306	494	–	494
Support to the NI Assembly, other public bodies and citizens	287	67	220	450	224	226
SBRI/GovTech Funding	249	–	249	238	–	238
Comptroller Function	14	–	14	14	–	14
<b>Total</b>	<b>10,128</b>	<b>2,641</b>	<b>7,487</b>	<b>9,479</b>	<b>2,657</b>	<b>6,822</b>

**Financial Audit** – Forming an opinion on financial statements; assessing whether expenditure is regular and in accordance with the intentions of the Assembly when it granted the money; and providing assurance on the Accounting Officers' Governance Statement.

**Public Reporting** – Independently examining and reporting to the Northern Ireland Assembly on whether public bodies spend taxpayers' money economically, efficiently and effectively. Audit, assessment and reporting on local councils' performance improvement responsibilities. Providing public bodies with constructive advice in the form of good practice reports across a range of areas.

**Governance and Fraud Prevention and Detection** – Helping public bodies 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.

**Support to the Northern Ireland Assembly, other public bodies and citizens** – Working closely with the Public Accounts Committee on evidence sessions based on our reports; providing support to departmental committees; responding to enquiries from elected representatives as well as citizens; seconding staff to other public bodies; and providing office space to other public bodies.



**SBRI/GovTech funding** – Data Analytics is a fast developing area which will have an impact on the audit process in the future. The NIAO secured grant funding in 2020-21 through the Department for the Economy's Small Business Research Initiative (SBRI) and in 2019-20 through the Department for Business, Energy and Industrial Strategy's GovTech initiative. This funding was directly allocated as grants to successful applicant organisations to conduct research in this area and to help develop new techniques or systems.

**Comptroller Function** – Authorising the issue of public funds from the Consolidated Fund for Northern Ireland.

### 3. Staff Costs

	2020-21 £'000	2019-20 £'000
Wages and Salaries	4,892	4,561
Social Security Costs	522	480
Other Pension Costs	1,528	1,400
<b>Total net costs</b>	<b>6,942</b>	<b>6,441</b>

A breakdown of the above costs into permanent staff and other can be found in the Staff Report within the Accountability Report.

## 4. Other Administration Costs

	Note	2020-21		2019-20	
		£'000	£'000	£'000	£'000
Contracted Out Audits		1,413		1,390	
Accommodation		319		349	
Rentals under building operating lease		8		–	
National Fraud Initiative Charge		150		–	
Recruitment and training		134		189	
Consolidated Fund Standing Services (C&AG's salary)		160		160	
Office Supplies/Equipment		30		35	
Computer Services		368		332	
Travel and Subsistence		5		83	
Professional Services Bought In		91		30	
SBRI/GovTech Initiative		249		238	
Other Indirect Costs		53		44	
Legal Fees		19		13	
Internal Auditors' Fees		26		18	
External Auditors' Fees - Audit		19		19	
External Auditor's Fees - Other		5		5	
Hospitality		2		2	
			3,051		2,907
<b>Non- cash items</b>					
Depreciation	6,7	134		14	
			134		124
<b>Total</b>			<b>3,185</b>		<b>3,031</b>

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

- Validation of Impacts of the NIAO, £5,000 (2019-20: £5,000).

## 5. Operating Income

	2020-21 £'000	2019-20 £'000
Income from NAO	586	523
Other Audit Fees	1,827	1,910
NFI Receipts	161	–
Rental Income	8	90
Other Income	59	134
<b>Total</b>	<b>2,641</b>	<b>2,657</b>

In line with its accounting policy, the NIAO has applied the requirements of IFRS 15 to income earned from fee-paying audits falling within the scope of IFRS 15.

### Identification of a contract

The basis of the different streams of audit work are set out below.

Audit income stream	Basis for identifying a contract	Performance obligation
<b>Statutory Audit</b>	For these audits, we are appointed auditors under statute and we charge a fee directly to the body. For audits under the Government Resources and Accounts Act NI 2001 the client recognises a notional fee and no income is recognised in the NIAO accounts.  There is no legal contract with fee-paying statutory audit clients but there is deemed to be a contract in accordance with the FReM adaptation of IFRS 15 that the definition of a contract is expanded to include legislation and regulations enabling an entity to receive income. The contract is deemed to be as set out in the Letter of Understanding between the NIAO and the audited body.	Issue a certificate and report of the C&AG to the Northern Ireland Assembly.
<b>Agreement Audit</b>	For these audits, we are appointed auditors by the organisation's board under their own governance arrangements and have a contract with them in the form of a Letter of Engagement.	Issue a certificate and report of the C&AG to the Northern Ireland Assembly.
<b>Companies Act Audit</b>	For these audits, we are appointed auditors under the Companies (Public Sector Audit) Order 2013 and therefore have a contract with them in the form of a Letter of Understanding.	Issue a certificate and report of the C&AG to the Northern Ireland Assembly.
<b>National Audit Office sub contract services</b>	For these assignments we contract with the NAO to conduct audit and verification work on regional organisations for which the NAO is the appointed lead auditor.	Issue a report or advice as per the terms of the engagement.

**Identification of performance obligations**

The NIAO has determined that there is a single performance obligation for each engagement which is identified as the objective of these assignments in the Letter of Understanding or Letter of Engagement, or contract for services provided to NAO. In the case of audits, other outputs, such as interim reports and reports to those charged with governance of the audited body, are produced during audit assignments, but these other outputs are integral to the audit opinion: they are highly interrelated with the delivery of the audit certificate or report, so do not qualify as distinct performance obligations.

**Determination of when performance obligations are satisfied**

The NIAO has determined that the performance obligations described above are satisfied over time rather than at a point in time. This is because the NIAO's performance of the engagement does not create an asset with an alternative use to the NIAO and the NIAO has an enforceable right to payment for performance completed to date.

The majority of the NIAO's financial audits are on an annual cycle. The fee (which is based on estimated costs to the NIAO) and invoicing schedule is agreed between the individual assignment teams and the client. The NIAO is entitled to recover costs in respect of work completed to date at any stage of the audit. Our typical schedule is to invoice audits with fees over £50,000 in two instalments and all other audits are invoiced when the audit is complete.

Our payment terms are that audit fee invoices should be paid within 30 days. Contracts for audit services do not have a significant financing component and the consideration amount is not variable except in respect of fee increases where it has become necessary to perform additional work.

**Allocation of transaction price to performance obligations**

Income is recognised as the services are provided, determined by reference to the proportion of budgeted costs that have been spent to date for each engagement, less a provision for any unrecoverable amounts. This provides a faithful depiction of the transfer of services because the nature of work is that the staff costs incurred represent progress towards satisfaction of the performance obligation. There is a direct relationship between these inputs and the transfer of services to the audit client.

**Recognition of contract assets and liabilities**

The contract asset (work in progress) is recorded in Note 9. Payments received in advance of performance under the contract are recognised as a contract liability (payments on account). This is then recognised as revenue as we perform our work.

## 6. Property, Plant and Equipment

### 2020-21

	Land	Buildings	Information Technology	Furniture and Fittings	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>						
At 1 April 2020	350	3,150	9	58	195	3,762
Additions	-	-	-	-	252	252
Disposals	-	-	-	(38)	-	(38)
Revaluations	-	-	-	-	-	-
<b>At 31 March 2021</b>	<b>350</b>	<b>3,150</b>	<b>9</b>	<b>20</b>	<b>447</b>	<b>3,976</b>
<b>Depreciation</b>						
At 1 April 2020	-	-	7	28	-	35
Charged in year	-	105	1	16	-	122
Disposals	-	-	-	(38)	-	(38)
Revaluations	-	(105)	-	(1)	-	(106)
<b>At 31 March 2021</b>	<b>-</b>	<b>-</b>	<b>8</b>	<b>5</b>	<b>-</b>	<b>13</b>
<b>Carrying amount at 31 March 2020</b>	<b>350</b>	<b>3,150</b>	<b>2</b>	<b>30</b>	<b>195</b>	<b>3,727</b>
<b>Carrying amount at 31 March 2021</b>	<b>350</b>	<b>3,150</b>	<b>1</b>	<b>15</b>	<b>447</b>	<b>3,963</b>

All assets at 31 March 2021 are owned by the NIAO.

Assets under construction represents the design and other professional costs incurred to date as part of the redevelopment of the NIAO office at 106 University Street.

Details of the basis of valuation can be found in Note 1.2 to the Accounts.

## 6. Property, Plant and Equipment cont'd.

## 2019-20

	Land	Buildings	Information Technology	Furniture and Fittings	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>						
At 1 April 2019	350	2,950	34	98	31	3,463
Additions	-	-	-	4	164	168
Disposals	-	-	(25)	(43)	-	(68)
Revaluations	-	200	-	(1)	-	199
<b>At 31 March 2020</b>	<b>350</b>	<b>3,150</b>	<b>9</b>	<b>58</b>	<b>195</b>	<b>3,762</b>
<b>Depreciation</b>						
At 1 April 2019	-	-	31	67	-	98
Charged in year	-	97	1	5	-	103
Disposals	-	-	(25)	(43)	-	(68)
Revaluations	-	(97)	-	(1)	-	(98)
<b>At 31 March 2020</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>28</b>	<b>-</b>	<b>35</b>
<b>Carrying amount at 31 March 2019</b>	<b>350</b>	<b>2,950</b>	<b>3</b>	<b>31</b>	<b>31</b>	<b>3,365</b>
<b>Carrying amount at 31 March 2020</b>	<b>350</b>	<b>3,150</b>	<b>2</b>	<b>30</b>	<b>195</b>	<b>3,727</b>

All assets at 31 March 2020 were owned by the NIAO.

Assets under construction represents the design and other professional costs incurred to date as part of the redevelopment of the NIAO office at 106 University Street.

Details of the basis of valuation can be found in Note 1.2 to the Accounts.

## 7. Intangible Assets

### 2020-21

	Software Licences £'000
<b>Cost or valuation</b>	
At 1 April 2020	114
Additions	26
Disposals	(90)
Revaluations	1
<b>At 31 March 2021</b>	<b>51</b>
<b>Depreciation</b>	
At 1 April 2020	105
Charged in year	12
Disposals	(90)
Revaluations	1
<b>At 31 March 2021</b>	<b>28</b>
<b>Carrying amount at 31 March 2020</b>	<b>9</b>
<b>Carrying amount at 31 March 2021</b>	<b>23</b>

All assets at 31 March 2021 are owned by the NIAO.

Details of the basis of valuation can be found in Note 1.3 to the Accounts.

## 7. Intangible Assets cont'd.

## 2019 -20

	Software Licences £'000
<b>Cost or valuation</b>	
At 1 April 2019	144
Additions	-
Disposals	(30)
Revaluations	-
<b>At 31 March 2020</b>	<b>114</b>
<b>Depreciation</b>	
At 1 April 2019	114
Charged in year	21
Disposals	(30)
Revaluations	-
<b>At 31 March 2020</b>	<b>105</b>
<b>Carrying amount at 31 March 2019</b>	<b>30</b>
<b>Carrying amount at 31 March 2020</b>	<b>9</b>

All assets at 31 March 2020 were owned by the NIAO.

Details of the basis of valuation can be found in Note 1.3 to the Accounts.

## 8. 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.



## 9. Trade and other receivables

	2020-21 £'000	2019-20 £'000
<b>Amounts receivable within one year</b>		
Trade receivables	279	295
Work in progress	594	445
Prepayments	94	90
<b>Total</b>	<b>967</b>	<b>830</b>

There are no amounts receivable after more than one year.

## 10. Cash and cash equivalents

	2020-21 £'000	2019-20 £'000
Balance at 1 April	114	200
Net change in cash and cash equivalent balances	258	(86)
<b>Balance 31 March*</b>	<b>372</b>	<b>114</b>

\*The above balance is held at a commercial bank.

## 11. Trade payables and other current liabilities

	2020-21 £'000	2019-20 £'000
<b>Amounts falling due within one year</b>		
VAT	84	53
Trade payables	364	266
Accruals	43	60
Employee benefits accrual	228	164
Payments on account	27	-
	746	543
<b>Total excluding amounts due to the Consolidated Fund</b>	<b>746</b>	<b>543</b>
Amounts issued from the Consolidated Fund for supply but not spent at year end	372	114
Consolidated Fund extra receipts due to be paid to the Consolidated Fund:		
Received	-	1
Receivable	-	-
<b>Sub Total</b>	<b>1,118</b>	<b>658</b>
Other payables: capital creditor	6	41
<b>Total</b>	<b>1,124</b>	<b>699</b>

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

## 12. Provisions for Liabilities and Charges

The NIAO has no provision for liabilities and charges.

## 13. Contingent Liabilities

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

## 14. Capital and other commitments

### 14.1 Capital Commitments

At the reporting date the Office has no capital commitments.

### 14.2 Commitments under leases

Obligations under operating leases for the following periods comprise:

	2020-21 £'000	2019-20 £'000
<b>Buildings</b>		
Not later than one year	117	-
Later than one year and not later than five years	49	-
Later than five years	-	-
<b>Total</b>	<b>166</b>	<b>-</b>

### 14.3 Other Financial Commitments

The Office has no other financial commitments as at 31 March 2021.

## 15. Related Party Transactions

None of the NIAO Audit and Risk Assurance Committee, Advisory Board, Senior Management Team members or other related parties has undertaken any material transactions with the NIAO during the year.

The NIAO has had a number of transactions with the Department of Finance.

## 16. 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 C&AG authorised the issue of these financial statements on 07 July 2021.





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