



Northern Ireland Audit Office

MEDIA RELEASE

Financial Auditing and Reporting

Report to the Northern Ireland Assembly by the Comptroller and Auditor General 2014

9 December 2014

Kieran Donnelly, the Comptroller and Auditor General for Northern Ireland and Head of the Northern Ireland Audit Office (NIAO), has today reported to the Northern Ireland Assembly on the results of financial audit work undertaken by the NIAO, primarily on the 2013-14 accounts of government departments and other public sector bodies but also on specific topics such as the use of government procurement cards and farm inspections by the Department of Agriculture and Rural Development (DARD).

The primary aim of the NIAO's financial audit work is to provide objective information, advice and assurance to the Assembly on the use of public funds.

Mr Donnelly reports;

"The standards of financial accounting remain high, demonstrated by the quality and timeliness of financial reporting. However my report records the qualification of 20 accounts. Many of the qualified audit opinions this year result from failures to comply with instructions from governing authorities, including the Department of Finance and Personnel and the European Union."

Level of fraud and error in benefits

- The **Department for Social Development** resource accounts were qualified because of estimated benefit overpayments due to fraud and error of £71.9 million and estimated underpayments due to official error of £20.8 million.
- The **Statement of Rate Levy** for 2012-13 was qualified for estimated losses of £5.2million due to fraud and error in housing benefit but the qualification in 2011-12 relating to the regularity of vacancy reliefs which were applied to vacant properties was lifted.
- The **Northern Ireland Housing Executive** accounts were qualified due to estimated irregular Housing Benefit overpayments of £21 million and underpayments of £4 million.

Other Qualifications

- In addition to the qualification on housing benefit the **Northern Ireland Housing Executive** accounts were qualified due to weaknesses in controls over £41 million of response maintenance and £86 million of planned maintenance; and insufficient evidence to substantiate an £11 million liability for corporation tax. Mr Donnelly has commented further on corporation tax issues in a separate section of his report.
- Three departments – the **Department of Education**, the **Department of Health, Social Services and Public Safety** and the **Public Prosecution Service** – exceeded their expenditure limits as approved by the Assembly, resulting in excess votes totalling £13 million (see paragraph 3.35 of the report). Regardless of the reason for an excess vote, all departments and public bodies should ensure that their financial forecasting is underpinned by robust, informed estimates and a challenging budgetary control process.
- The **Department of Culture, Arts and Leisure**, the **Office of the First and Deputy First Minister** and the **Department for Employment and Learning** all incurred significant expenditure without obtaining the necessary approval from the Department of Finance and Personnel.

Use of the Government Procurement Card

Government Procurement Cards (GPCs) are recognised as a cost effective way for public sector organisations to purchase low value goods and services. In 2013 there were 38 public bodies who spent £13.8 million using GPCs but more use could be made of GPCs within the public sector procurement system including health and social care bodies and Local Councils. The Department of Finance and Personnel should work with public bodies to continue to examine the nature and extent of their use of GPCs and identify where increased use of the cards, supported by effective controls and anti-fraud measures, could deliver efficiencies. This could also help individual public bodies process payments to suppliers more promptly and decrease the time and cost of processing.

DARD Farm Inspections

DARD's farm inspection process is crucial to secure EU funding and safeguard trade. An exercise by DARD in 2010 reported that there were 144 different types of inspection. However, no formal synchronisation of farm inspections takes place and so this places a significant burden on farmers. Following a review by an independent panel, DARD accepted recommendations to streamline the inspection process, and committed to deliver a 25 per cent reduction in the administrative burden on the agri-food industry by 2013. Although DARD has reduced the burden of regulation on farmers by 10 per cent, its target of a 25 per cent reduction by 2013 was not achieved. The C&AG believes a formal process to co-ordinate inspections would provide scope for significant savings.

Notes for Editors

1. The Comptroller and Auditor General is Head of the Northern Ireland Audit Office (the Audit Office). He and the NIAO are totally independent of Government. He certifies the accounts of Government Departments and a range of other public sector bodies. He has statutory authority to report to the Assembly on the economy, efficiency and effectiveness with which departments and public bodies use their resources. His reports are published as Assembly papers.
2. The report is available from the Stationery Office throughout the United Kingdom. It is also available on the Audit Office website at www.niauditoffice.gov.uk. The report is embargoed until 00.01 hrs on 09 December 2014.
3. It does not include the results of his examination of the accounts of bodies within the health and social care or local government sectors. Separate reports on these sectors will be published in due course. Background briefing can be obtained from the Audit Office by contacting Louise Mason (028 9025 1048) or Garry Currie (028 9025 1126).