

## Department of Finance –Audit of the 2020-21 resource accounts

Mr Kieran Donnelly CB, Comptroller and Auditor General (C&AG), has issued a report on the results of his audit of the annual report and accounts of the Department of Finance for 2020-21. The report summarises qualifications on the accounts, which relate to grant schemes arising from the COVID-19 pandemic.

In 2020-21, the Department’s net expenditure totalled £600 million almost three times the net expenditure of £212 million recorded in the 2019-20 accounts. This was largely as a result of the Department taking responsibility for the implementation of a series of grant schemes designed to provide support to businesses subject to closure or restrictions:

- The Localised Restrictions Support Scheme (LRSS), which was launched in October 2020 (total expenditure in 2020-21 was £245.71 million); and
- Three Additional Financial Assistance Schemes (AFAS), introduced in March 2021:
  - Large Business scheme (total 2020-21 expenditure: £30.15 million);
  - Medium Industrial Business scheme (total 2020-21 expenditure: £21.5 million); and
  - Business Top-Up grants (total 2020-21 expenditure: £78.5 million).

Mr Donnelly’s report summarises the findings of audit testing on these schemes. It estimates ineligible payments in the LRSS scheme of £8.73 million. Of this, an estimated £4.52m related to overpayments identified by the Department, and was due to errors such as duplicate payments, payments to business types not eligible for support, and payments to businesses that had ceased trading before or during the restriction period. The remaining £4.21m relates to estimated error identified by the NIAO during its audit testing.

The report also notes irregular payments in relation to the AFAS schemes, with some businesses receiving payments for multiple premises which was not in keeping with legislation guiding the schemes. The department has acknowledged that errors have been made in this respect, however the amount paid out to businesses in contravention of the legislation cannot be readily determined.

In addition, Mr Donnelly’s report notes that £47.7 million of grant expenditure accrued in the Department’s 2020-21 accounts should, instead, have been recorded as a provision, as it relates to applications assessed after 31 March 2021. By applying this accounting treatment the Department was able to utilise funds in the current financial year that would otherwise have been redistributed to other departments or returned to the Treasury.

As a result of these issues, Mr Donnelly has qualified his opinion on the accounts, noting:

*“In qualifying the Department’s accounts, I have given due consideration to the unprecedented and challenging circumstances faced in delivering the various grant schemes. The Department of Finance is not normally a grant paying organisation and I recognise the difficulties faced by staff in making payments during the COVID-19 pandemic. The Department has confirmed it is currently in the process of developing a lessons learned report covering the various business grant schemes.”*

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### **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. This report is available on the Northern Ireland Audit Office [website](#).
3. The 2020-21 Department of Finance Annual Report and accounts are available on the [DoF website](#).
4. Background briefing can be obtained from the Audit Office by contacting Suzanne Walsh (028 9025 1021).