



## **The Northern Ireland budget process**

The Northern Ireland (NI) budget funds approximately £14 billion of goods and services each year. Since the restoration of devolved government in 2007, this has amounted to approximately £162 billion of funding. A report published today by the Comptroller and Auditor General, Kieran Donnelly, considers the budget process in central government.

Mr Donnelly said:

*“It has never been more important to ensure that public money is being managed and spent well. Getting the budgetary process right is fundamental to ensuring economy, efficiency and effectiveness in the delivery of public services. This is illustrated time and time again in my reports. There is an opportunity now to build and improve on the current process. The recent establishment of a Fiscal Council and Fiscal Commission will help promote a robust budget process in future, and explore the potential for new sources of funding.”*

Mr Donnelly’s report outlines the key elements in the budget process and compares it to international good practice contained within the Organisation for Economic Co-operation and Development (OECD) Principles of Budgetary Governance. Northern Ireland’s arrangements currently meet only one of the ten principles in full. A number of issues are highlighted:

- the use of single-year budgets, with very limited potential to carry forward unspent funds;
- the restricted opportunity for the NI Assembly (the Assembly) and its committees to debate the draft budget and any in-year re-allocations;
- a lack of sufficiently detailed information available to aid Assembly scrutiny;
- budget information not being easy for non-finance professionals to understand; and
- the need for clearer links between the budget and the desired outcomes in the Programme for Government (PfG).

Some of these issues are outside the control of the Department of Finance and The Executive Office, due to HM Treasury decisions on single year or multi-year settlements and the timing of Spending Reviews. The collapse of the NI Executive in January 2017 unquestionably also had an impact on budget and PfG preparation.

Over six years to March 2020 some £2.5 billion of public funds were re-allocated during the course of the year, as budgets were adjusted to meet emerging pressures and to reflect the most up to date position on programme delivery. Under Treasury rules the NI Executive has limited ability to carry forward unspent funds from one year into the next and underspends above tight limits set by Treasury are lost to NI. This increases the risk to sustaining funding of multi-year programmes and the risk that money spent quickly before the end of the financial year may not always be spent well.

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**THIS STATEMENT IS ISSUED ON THE STRICT UNDERSTANDING THAT IT IS NOT FOR PUBLICATION OR BROADCAST BEFORE 00.01 hrs ON 29 JUNE 2021**

**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 on the Audit Office website at [www.niauditoffice.gov.uk](http://www.niauditoffice.gov.uk). The report is embargoed until 00.01 hrs on 29 June 2021.
3. Background briefing can be obtained from the Audit Office by contacting Neil Gray (028 9025 4345) or Karen Beattie (028 9025 1003).