

AGENDA

**C&AG's Advisory Group Meeting
Thursday 24th November 2016 at 11:00am
Conference Room 2nd Floor**

SECTION 1 – PRELIMINARY/ADMINISTRATION

1. Apologies
2. Declaration of conflicts of interest
3. Minutes of meeting held 20 September 2016 and matters arising (Paper 1)

SECTION 2 – IMPACTS

1. Financial Impacts Paper (Paper 2)

SECTION 3 – AOB

1. Forward Work Programme (Paper 3)

MINUTES OF C&AG'S ADVISORY GROUP MEETING THURSDAY 24 NOVEMBER 2016

Present	Paul Douglas (Non Executive Member - Chair) Pat Cumiskey (Non Executive Director) Eddie Bradley (AAG Public Reporting) Janet Sides (AAG Corporate Support) Louise Mason (AAG Financial Audit)
Apologies	Kieran Donnelly (Comptroller & Auditor General) Áine Gallagher (Non Executive Member)
In Attendance	Joe Campbell (Secretary)

1. Preliminary/Administration

Declaration of Interest - There were no issues declared by members which would be in conflict with the agenda for the meeting.

Minutes of meeting held 20 September 2016 –The minutes were considered and agreed subject to minor amendment.

Matters Arising – In matters arising, it had been recorded that the Office would conduct a survey seeking feedback on the new performance management system by 31 January 2017. It was decided to roll this matter forward as the date set was considered too ambitious.

2. Impacts

Eddie Bradley spoke to the paper provided to the Committee on the impact process. At the outset he provided a context within which the impact exercise was conducted. He explained that they were only one metric of Office performance which were volatile and should not be judged in isolation from other measures of performance. Nevertheless, he did recognise their value, particularly given the NI Assembly Audit Committee interest in the exercise.

The latest financial impact for the Office in 2015-16 had been £14m, having fallen from over £25m the previous year. In comparing the other Supreme Audit Institutions, members were informed that the NAO had a formal target to identify financial impacts equivalent to ten times their running costs; in the previous year it had achieved nineteen times its running costs. It was explained that NAO had the potential to achieve such savings as it was the auditor of HMRC and MoD where huge efficiencies were identifiable; a significant proportion of savings identified by NAO arose from these departments year on year. In WAO and Audit Scotland there was less of a focus on this issue; neither agency has a financial impacts target nor do they report on their achievements in this area.

Having established why the Office produced impact figures, Eddie briefly defined what a financial impact was, how it could be categorized, and how it needed to meet each of the principles of causation, realization, valuation, attribution and validation.

He explained that financial impacts had to be planned from the outset of the public reporting process. Therefore their need was flagged up in the annual call for study proposals and could be two years and more in gestation. He highlighted the types of studies more likely to attract financial impacts, but explained that the Office could not focus solely on those types of studies as there was a need to conduct a balanced programme of reports incorporating studies such as effectiveness reviews, best practice reviews, probity reports and service delivery studies. He added that further financial impacts were also identified from financial audit and from the NFI process.

Having established the process Eddie then set out the performance of the Office in the previous six years which equated to an average of £23 million, but within that period annual achievements had varied from £14m to £38m.

He also explained that the Office's ability to report on and claim financial impacts was constrained by factors, including dependence on the auditees to take the necessary action, time lags in achieving savings and the reluctance of the public sector to share savings.

It was further restricted by the need to deliver a balanced programme and the need to deliver reports which are of significant interest to the Public Accounts Committee but which may not necessarily deliver financial impacts.

In closing he explained that there was a need to drive the exercise from the top of the Office to ensure that staff focus on key recommendations when seeking the impacts.

In response, the Chair confirmed that the system described had provided him with assurance around the impact process. He recognised, despite its limitations, why such an exercise was required as it helped to justify the existence of the Office, albeit in layman terms. However, he was concerned that leaving the process until year end held risks and suggested that an in-year interim exercise would be beneficial. This was fully accepted.

In terms of impact performance, the Chair suggested that should there be a further dip, there may be a need to re-focus study selection in order to satisfy NI Assembly Audit Committee.

3. AOB

Following discussion, the following forward work programme was agreed.

- Financial Impacts (24 November 2016)
- Resourcing/Training/Governance by NI Assembly (Proposed date – 23 February 2017) – discuss with C&AG
- Performance Management (proposed date – 27 April 2017)
- Health and Wellbeing (Proposed date – 22 June 2017)
- Digital Transformation (Proposed Date – 21 September 2017)

It was also agreed that the Office (through the Assembly Liaison Officer) should contact the NI Assembly Audit Committee with a view to confirming potential future attendance of the Non Executive Members.

The next meeting will be held on **Thursday 23rd February 2017** in the NI Audit Office Conference Room, starting at **11:00AM**.

NIAO ADVISORY BOARD TUESDAY 24th November 2016
MATTERS ARISING FROM MEETING

ISSUE	TARGET DATE	RESPONSIBILITY	PROGRESS/OUTCOME
<p>Matters Arising The Office will conduct a survey which will incorporate feedback on the new performance management system.</p>	31 Jan 2017	Director Corporate Services	Carry forward
<p>Impacts – Consider interim exercise</p>	31 Jan 2017	Operational AAGs	Completed
Confirm meeting dates	2 Dec 2016	Secretary	Confirmed
Confirm FWP subject matter	2 Dec 2016	Secretary	Confirmed