

Annual Report and Accounts

2022-23

Independence and excellence in audit to improve public services



Northern Ireland
Audit Office

The Northern Ireland Audit Office provides independence and excellence in audit to improve public services.

We work to ensure public money is spent properly. Building positive open relationships based on trust and respect is the basis for our work. We are diligent and exemplary in our practice, aiming to uphold the highest professional and ethical standards.

We pride ourselves on being tenacious, inquisitive and open-minded so that we are continuously learning and improving but more importantly, constructively saying what needs to be said and doing what needs to be done.



Northern Ireland Audit Office Annual Report and Accounts

For the year ended 31 March 2023

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.

7 July 2023.



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Performance Report

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

It is my pleasure to introduce the Northern Ireland Audit Office's Annual Report and Accounts for the year ending 31 March 2023. The role of the Advisory Board is to provide objective and impartial advice to the Comptroller and Auditor General (C&AG) and to assist in the discharge of their 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.

Our previous Comptroller and Auditor General, Kieran Donnelly CB, retired on 31 July 2022 and was replaced by Dorinnia Carville in the role of leading the NIAO's continued development to deliver value for money and assurance on public expenditure in Northern Ireland with the objective of improving public services. I would like to thank Kieran for his commitment, support and attention to detail and the invaluable contribution he made to the Northern Ireland Audit Office.

Dorinnia has commenced her role in a challenging period for the NI public sector as the challenges of COVID-19 dissipated but

being quickly replaced with increased cost of living fuelled by inflationary pressures and the continuing absence of a functioning Northern Ireland Assembly. I am pleased to report that Dorinnia has ensured the NIAO was able to continue to deliver its statutory functions and meet stakeholder expectations in the way you have come to expect. As an Advisory Board, we have sought to support her in meeting the challenges and enhancing the impact of the NIAO in both safeguarding public money and improving public services.

2023 has been a year of significant progress at the NIAO. We have looked to transform the way we work in response to the challenges facing public services in Northern Ireland by embracing technology and being more agile in responding to client needs. The increasing demands of regulation and the pressure to recruit and retain staff has been a constant throughout the year but the return to our newly refurbished office at University Street, completed within timescale and budget, together with the recruitment of 13 new staff from a range of new disciplines to the Office, are examples of the new dynamic to delivering our Strategic Plan.

The focus of the Advisory Board remains on supporting the C&AG and delivery of that Plan while embedding our Transformation Programme workstreams into business as usual activities. Our staff have continued to be the base on which our activity is built and on behalf of the Advisory Board I want to congratulate them on their professionalism, flexibility, adaptability and commitment. It is only due to their efforts and diligence that the NIAO has been able to continue to deliver its services to audited bodies, the NI Assembly and the general public.

The NIAO will continue to deliver on our core purpose as set out in our Strategic Plan, and the Advisory Board is committed to supporting the pursuit of best practice and maintenance of the highest professional standards. Climate change, specifically, is a live issue for all and the NIAO is no different. We will continue to reduce our carbon footprint and our impact on the environment as demonstrated in our refurbished building, while looking at additional ways we can support the NI public sector through our reports and good practice guides.

The NIAO has a strong governance framework and I believe that the Advisory Board is made up

of directors who bring diversity, experience and independence of mind necessary to ensure the C&AG receives sound advice and support in her role. Above all, we will continue to deliver on our core vision of “independence and excellence in audit to improve public services”.



Martin Pitt
Chair, NIAO Advisory Board

30 June 2023

Martin Pitt
Chairperson of
NIAO Advisory
Board



Comptroller and Auditor General's Statement

It gives me great pleasure to present the Northern Ireland Audit Office (NIAO) Annual Report and Accounts for 2022-23, my first as Comptroller and Auditor General (C&AG).

This year the work of the NIAO has been more important than ever in providing robust public sector accountability, given the lack of a NI Assembly. During this period we audited 127 accounts across the central and local government sectors and produced 29 public reports and work on a wide range of subjects including the National Fraud Initiative, the sale of public assets and the development of good practice guides on Planning Fraud Risks and Board Effectiveness.

I have been encouraged to find that our public reporting work continues to respond to emerging issues as well as addressing significant strategic issues facing NI's public sector. Our financial audits have largely returned to pre-pandemic timetables. However, we continue to see the impact of the pandemic on our audited bodies' ability to produce all accounts for the deadlines required. This has a corresponding impact on our workloads, and we continue to work with audited bodies to improve adherence to timetables.

We have continued to increase the impact of our work and reach new audiences through our social media channels and enhanced use of digital infographics in our reports. I was pleased to find that our audited bodies continue to recognise the importance of our work, with continued high levels of satisfaction reported in our annual survey.

During 2022-23, we continued to deliver on implementation of our Corporate Plan and Annual Business Plan, and I am looking forward to the challenge of developing our new Corporate Plan in the coming year as well as developing a new Public Reporting programme.

2022-23 also brought our major Business Transformation Programme (BTP) to a close following a five-year schedule of work across all aspects of business, successfully delivering on a range of workstreams including the digitalisation of audit techniques, the refurbishment of our Office building, the



development of new audit methodologies to meet the ongoing changes in financial audit and a complete Office re-brand. This programme has ensured the Office is well placed to progress our work in a modern and reactive way, whilst maintaining our focus on the quality of our work.

In a challenging recruitment and retention market, the continued quality of our work is due to the strength of our people and investing in the continued professional development of our staff remains a key focus. During the period we were joined by a new Head of People, and going forward we will continue to invest in developing our skills through our Leadership Forum, through leadership and management development pathways, and through our newly established Trainee Forum.

I want to thank the Board, and particularly the Chairperson Martin Pitt, who has provided me with so much support and advice in this, my first year as C&AG. Each Board member has a wealth of skills and experience which provide me with excellent levels of support and challenge.

I would also like to thank my predecessor, Kieran Donnelly, for his many years' service

to public audit, and for his leadership and development of the NIAO. I wish him well in his retirement.

This has been a demanding time for the Office in terms of the fiscal and political situation in Northern Ireland. My sincere thanks to the staff at the NIAO for your dedication, commitment and professionalism and enthusiasm for the future work of the office.

I have developed with my staff a new vision for the NIAO: "Independence and excellence in audit to improve public services". This, together with our values of partnership, and being authoritative, curious and truthful will form the basis of a new and modern NIAO where our staff and our work continue to support the challenges for public services which lie ahead.



Dorinnia Carville
Comptroller and Auditor General for
Northern Ireland

30 June 2023

About the NIAO

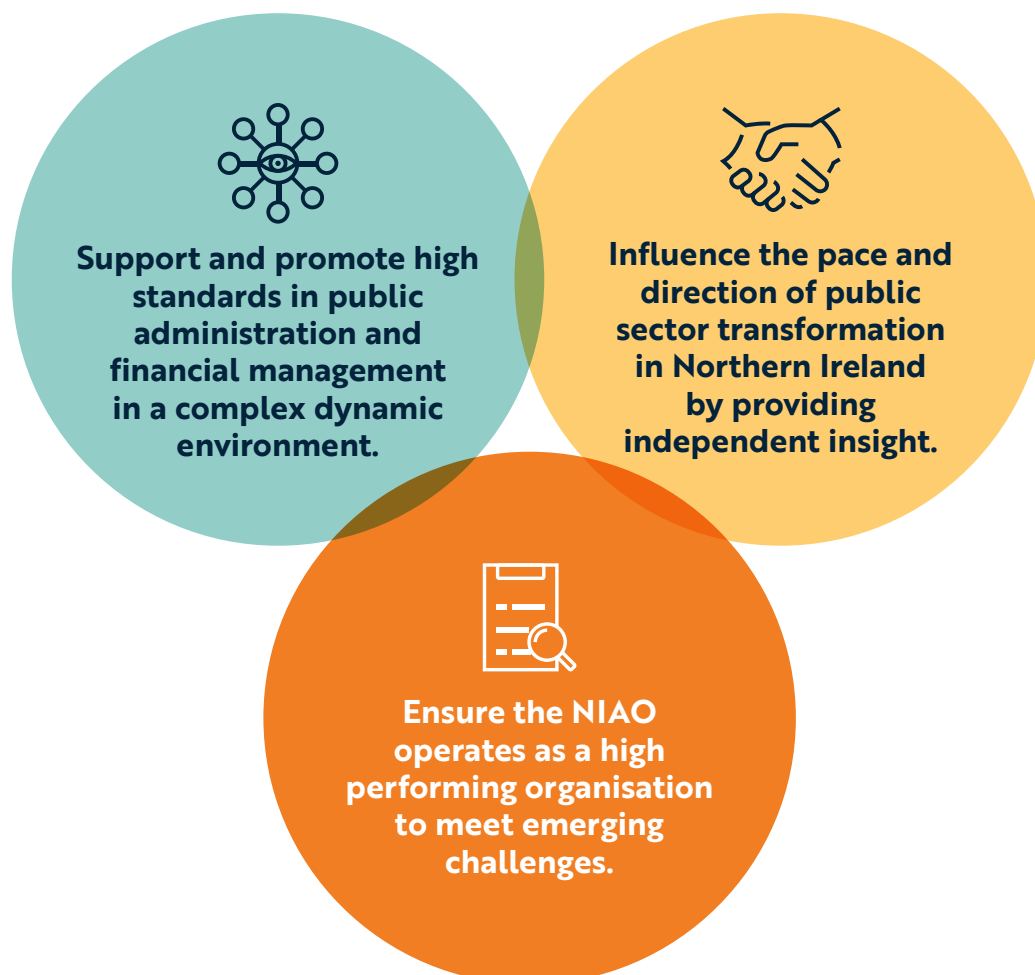
Our role

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

Vision	I	Independence and excellence in audit to improve public services.
Purpose	M	Making sure public money is spent properly.
Values	P	Partnership... (collaborative, engaging, respectful) building positive open relationships based on trust and respect as the basis for how we work.
	A	Authoritative... (credible professional, evidence based) diligent and exemplary in our, practice, upholding the highest professional and ethical standards.
	C	Curious... (examining, interested outward-looking) tenacious, inquisitive and open-minded so that we are continuously learning and improving.
	T	Truthful... (courageous, fearless, upfront) constructively saying what needs to be said and doing what needs to be done.

Our strategic priorities



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 the C&AG in the delivery of his/her 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:

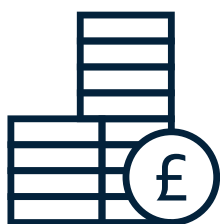
- the values and standards of the NIAO in carrying out its work;

- 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 following the report produced by NIAAC on “Review of the Governance and Accountability Arrangements for the NIAO [and the Northern Ireland Public Services Ombudsman]”, published on 14 February 2022. However, they have not progressed given that the NI Assembly has yet to re-form following the 5 May 2022 election.

Key issues and risks

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



Budgetary Constraints

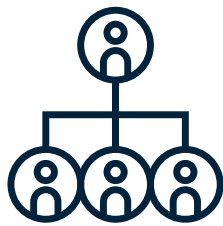
For 2023-24, our budget allocation has been set at £8,445,000 by the Secretary of State for NI, which is £733,000 (8%) less than we requested for 2023-24 and £310,000 less than that agreed by the NI Assembly Audit Committee (£8,755,000) when it scrutinised our draft budget for the period 2022-25 in October 2021. Whilst the C&AG is very mindful of the current environment of significant fiscal pressure and rising costs and the pressures on NI departments, she is concerned that such a budget allocation is insufficient to enable her to continue to provide a professional cost-effective public audit service for Northern Ireland. This budget cut has come at a time when stakeholders would anticipate even greater scrutiny from relevant organisations, especially the public audit function.



Resourcing

Full Time Equivalent (FTE) staff numbers have decreased by 2, from a total of 115 in 2021-22 to 113 in 2022-23, albeit this has fallen from a peak of 140 in 2011-12. There have been 13 new starts, with the focus being on recruitment for auditors (3), audit managers (1), graduate trainees (2), analysts (3) and apprentices (4); in the same period there have been 17 leavers.

The Northern Ireland Assembly Audit Committee (NIAAC) completed a review of the governance and accountability arrangements for the NIAO [and the NI Public Services Ombudsman] prior to the end of the 2017-2022 mandate. The key recommendations of this report included:



Governance Structure

- the formal separation of the NIAO from the C&AG and its establishment as a body corporate in the form of a statutory board;
- the appointment of board members by NIAAC;
- the setting of the tenure of the new C&AG as a ten-year non-renewable term;
- the appointment of a single public sector auditor; and
- the establishment of a code of practice between the board and the C&AG.

However, it is anticipated that it will take some time to introduce the legislation required for many of the proposed changes, particularly with the Assembly still to re-form following its collapse on 3 February 2022. In the meantime, the current arrangements of an Advisory Board providing objective and impartial advice to the C&AG and assisting them in the discharge of its functions will be maintained. To provide support in these functions, the Board will retain both an Audit and Risk Assurance Committee and a Remuneration Committee to advise on relevant issues.



Brexit

We continue to plan for the outworkings of the UK withdrawal from the EU post 31 December 2020. 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 until 2022-23, focusing on Rural Development expenditure.

Performance analysis

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.

Strategic Priority	What Success looks like (Key Actions)	How we measure this	
<p>1. Support and promote high standards in public administration and financial management in a complex dynamic environment.</p>	<p>Deliver the full programme of financial audits within agreed timescales to the appropriate quality standards as evidenced by quality control review procedures.</p>	<p>Successful delivery of our programme of financial audit.</p>	
		<p>NIAO financial audit compliance with International Standard on Quality Control (ISQC 1).</p>	
	<p>To deliver the public reporting plan to time and budget.</p>	<p>Successful delivery of our public reporting programme.</p> <p>Prepare and complete biennial NFI exercise to identify potentially fraudulent and erroneous transactions.</p> <p>Produce best practice reports in line with current work programme.</p>	



2022-23 KPI	Achievement 2022-23	Previous Year Achievement 2021-22
Certify 148 accounts for 2021-22 across the public sector by March 2023; 80 per cent of audited bodies within seven months and 100 per cent within 12 months.	127 Accounts for 2021-22 and 24 prior year accounts were certified in 2022-23. Of the 148 2021-22 accounts, 99 (67 per cent) were certified within seven months and 129 (87 per cent) within 12 months.	128 2020-21 Accounts and 14 prior year accounts were certified in 2021-22. Of the 150 accounts, 95 (63 per cent) were certified within seven months and 114 (76 per cent) within 12 months.
NIAO financial audit complies with the International Standard on Quality Control (ISQC 1) in regard to audit methodology and professional auditing standards.	All three audits reviewed by ICAEW were rated 'generally acceptable'.	All three audits reviewed by ICAEW were rated 'generally acceptable'.
Produce public reports for 2021-23 based on the Office's 2 year Public Reporting Programme.	We have published 29 reports in 2022-23 including 12 which arose as a result of findings from the financial audit process and 11 local government performance improvement reports.	We published 34 reports, including 8 which arose as a result of findings from the financial audit process and 11 local government performance improvement reports.
Timely delivery of NFI Report.	N/A	Report completed to time and budget, identifying £4.4m in fraud and error.
Successful delivery of our best practice programme.	Two best practice reports on Planning Fraud Risks and Board Effectiveness published in-year.	Two best practice reports on Grant Fraud Risks and Internal Fraud Risks published in-year.
Deliver the work programme within NIAO funding provision and schedule.	We delivered a range of audit outputs with a net resource outturn that was 5.5 per cent higher in 2022-23 compared to 2021-22 (excluding SBRI/GovTech expenditure and additional funding to cover the downward revaluation of the building).	We delivered a range of audit outputs with a net resource outturn that was 3.8 per cent higher in 2021-22 compared to 2020-21 (excluding ring-fenced VES and SBRI/GovTech expenditure). In the seven years up to and including 2021-22, our annual net resource outturn (excluding ring-fenced VES and SBRI/GovTech expenditure) has reduced by 5.1 per cent (16.0 per cent in real terms).
VFM reports achieve or exceed an average score of 6 from the independent review panel.	We achieved an average score of 7.25 for reports reviewed during 2022-23.	We achieved an average score of 7.7 for reports reviewed during 2021-22.

Strategic Priority	What Success looks like (Key Actions)	How we measure this
	Provide high quality service to PAC.	MLAs consider that we support effective accountability and scrutiny.
	Disseminate good practice to audit committees, senior teams in departments and speak at events, training courses etc.	Successful rating in our auditee surveys.
	Implement and monitor the Communications and Engagement Strategy.	Delivery of Communications and Engagement Action Plan.
	Respond to all disclosures, enquiries and concerns raised in a timely and proportionate manner.	Timely responses on all concerns raised, Freedom Of Information (Fol) requests, Environmental Impact Request (EIR), Subject Access Requests (SAR) and MLA Correspondence.
2. Influence the pace and direction of public sector transformation in Northern Ireland by providing independent insight.	Identify and agree a range of potential future VFM studies that target performance and impact.	Review and update the Public Reporting Programme to ensure it meets the needs of our key stakeholders. Auditee Survey.
	Conduct Auditee Survey and report to SLT/PAC with a target to exceed 80% + in each category.	Auditee Survey.
	Our work has a quantifiable positive financial impact on the public sector.	Undertake an annual assessment of the quantifiable impact of all completed significant reports, audits and products.
	Conduct the annual MLA survey with a target to exceed 60%+ in each category and report to SMT/PAC.	MLA Survey.
	Establish and conduct a system of feedback from PAC on NIAO delivery.	PAC Feedback.
	Complete current cross-sectoral studies to recommend improvements in practice across the public sector.	Delivery of our FWP.
	Contribute to leadership forums and networks to reform the public sector.	Attendance and contribution by our staff at multiple public sector events.

2022-23 KPI	Achievement 2022-23	Previous Year Achievement 2021-22
PAC Feedback – achieve or exceed PAC satisfaction criteria with NIAO support (including NIAO Reports, Briefing Papers, Issues Papers, draft PAC Reports, oral evidence).	No NI Assembly and, by extension, no PAC sat in the reporting period.	Results NIAO Reports 8.6 Briefing papers 8.9 Areas of Questioning 8.3 Issues Paper 8.7 PAC Reports 9.2 Supplementary Info 10.0 Oral Evidence 9.7
Achieve or exceed 80%.	94% agreed or strongly agreed that NIAO Good Practice Guides are a useful resource.	95% agreed or strongly agreed that NIAO Good Practice Guides are a useful resource.
	Delivery of new brand Strategy. Appointment of new design, publication and print contractor.	
Provide an initial response to all disclosures, enquiries and concerns raised in line with office policies.	4 concerns raised by MLAs/MPs 45 concerns raised by members of the public 1 EIR 2 Complaints 17 Fols 5 SARS	6 concerns raised by MLAs/MPs 45 concerns raised by members of the public 1 EIR 3 Complaints 20 Fols 3 SARS
Auditee Survey – achieve or exceed 80%.	No Public Reporting questionnaire issued as no Memoranda of Reply presented to NI Assembly in 2022-23.	No Public Reporting questionnaire issued as no Memoranda of Reply presented to NI Assembly in 2021-22.
Auditee Survey – achieve or exceed 80% + in Audit Committee support, Good Practice, overall support.	94% Agreed or strongly agreed that NIAO audit staff provided a high quality and professional service. 94% Agreed or strongly agreed that the NIAO's work leads to improvement in public services. 94% Agreed or strongly agreed that NIAO good practice guides are a useful resource.	100% 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. 95% Agreed or strongly agreed that NIAO good practice guides are a useful resource.
Within the wider assessment of our qualitative and quantitative impacts exercise to achieve a financial impact ratio of 4 to 1 on the Office's net resource outturn.	0.12 times the net resource outturn.	1.03 times the net resource outturn.
MLA Survey – achieve or exceed 60%+ in each category (familiarity, favourability, advocacy).	N/A – the NI Assembly did not sit in 2022-23.	Familiarity – 78% Favourability – 68% Advocacy – 54% (with a further 42% neutral)
PAC Feedback – achieve or exceed PAC satisfaction criteria with NIAO support (including NIAO Reports, Briefing Papers, Issues Papers, draft PAC Reports, oral evidence).	N/A – the NI Assembly did not sit in 2022-23.	PAC Feedback process established in-year.
Produce public reports for 2021-23 based on the Office's 2 year Public Reporting Programme	We have published 29 reports in 2022-23 including 12 which arose as a result of findings from the financial audit process and 11 local government performance improvement reports.	We published 34 reports including 8 which arose as a result of findings from the financial audit process and 11 local government performance improvement reports.
	Attendance of staff at multiple events, including the Chief Executives' Forum (CEF) and the Chairs' Forum.	Attendance of staff at multiple events, including CEF and Chair's Forum.

Strategic Priority	What Success looks like (Key Actions)	How we measure this	
	Engage with other SAIs, Inspectorates, Ombudsmans and other public sector bodies to maximise scrutiny across the public sector and avoid duplication.	Ongoing engagement with relevant bodies.	
3. Ensure the NIAO operates as a high performing organisation to meet emerging challenges.	Delivery of actions against Business Transformation Action Plan.	Actions completed.	
	Development of succession plan for all business critical positions.	Appointment of key posts.	
	Develop a digital training programme that equips each team to implement data analytics and visualisations.	Delivery of key actions.	
	Review and implement recommendations arising from the NI Assembly Audit Committee Report on governance arrangements in the Office.	Outworkings of NIAAC recommendations.	
	Complete the accommodation strategy in keeping with the final business case.	Complete to time and budget.	
	Monitor corporate performance monthly & take corrective action as required.	Monthly Report to the Senior Leadership Team (SLT).	
	Publication of Transparency Report.	Production of report for SLT and Audit and Risk Assurance Committee (ARAC) pre-Summer Recess.	
	Monitor staff deployment and utilisation using the resource management systems.	Production of timely Monthly Report to the SLT.	
	Carry out audit closure meetings for all of NIAO large and medium sized audits to reflect and learn and produce a 'Lessons Learned' paper for inclusion in following year audit plan.	Production of lessons learned papers.	
	Benchmark NIAO against Investors in People (IIP) standards & develop action plan.	Achieve and maintain accreditation in IIP.	
Success against key external benchmarks.	Analyse results of staff engagement survey and develop work programme.		

	2022-23 KPI	Achievement 2022-23	Previous Year Achievement 2021-22
		Regular meetings with local Supreme Audit Institutions (SAIs) and Inspectorates.	Regular meetings with SAIs and Inspectorates
	Progress the actions of the Business Transformation Programme (BTP).	BTP completed.	64 Phase 2 Activities: 21 completed 14 outstanding and 29 not yet due
		Successful appointment of C&AG in a timely manner.	All key posts filled.
		Increase in data analytics specialist cohort. Establishment of Data Visualisation Practice Group to further equip teams in the application of data analytics.	
		No NI Assembly and, by extension, no NIAAC sat in the reporting period.	N/A
		Returned to University Street accommodation 15 August 2022.	N/A
		Monthly report issued to and reviewed by SLT.	Monthly report issued to and reviewed by SMT.
		Production of report for SLT and ARAC pre-Summer Recess.	Complete and published.
		All reports delivered on a timely basis.	All reports delivered on a timely basis.
		Lessons Learned papers introduced, where relevant. Financial audit debrief day introduced to share key lessons and trends across 2021-22 audits.	N/A
	Maintain accreditation in IIP.	Annual accreditation review, conducted May 2023.	IIP accreditation obtained, May 2021. Annual accreditation review, conducted March 2022.
	Staff Survey – to exceed the mean score against three external key benchmarks (NICS Employee Engagement, Utrecht Working Engagement Scale and Mental Wellbeing Scale) and to achieve or exceed the year on year Workplace Wellbeing Index.	NICSEE - 71% (v 51% in NICS) UWES – 4.82 (high 4.67 - 5.50) MWS – 24.84 (NI 25.6 Average) WWI – 66% (57% baseline)	NICSEE – 70% (v 51% in NICS) UWES – 4.68 (high 4.6 – 5.50) MWS – 23.83 (NI 25.6 Average) WWI – 66% (57% baseline)

Supporting and promoting high standards

This section of the report provides an overview of how we support and promote high standards in public administration and financial management in a complex dynamic environment.

What this section contains:

- Our financial audit and public reporting work
- Governance, fraud prevention and detection work
- Support to the Northern Ireland Assembly
- How we handle correspondence

Financial audit

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

Total Accounts	2022-23	2021-22
Total Accounts audited	127	128
Total Accounts qualified	14	11

Central Government Accounts	2022-23	2021-22
Accounts audited	112	112
Of which qualified	14	11

Local Government Accounts	2022-23	2021-22
Accounts audited	15	16
Of which qualified	0	0

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 NI 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 NI Assembly and other authorities.



In 2022-23, we certified 127 central and local government accounts (2021-22: 128).
In the reporting period we also certified 24 prior year accounts.

Coming out of the pandemic, the central government accounts were largely back to normal timetables in 2022-23, with an expectation that departmental accounts would be submitted and audited by Summer Recess. Where Summer Recess was not achievable, local arrangements were made with clients and audit teams. However, there continue to be delays in the submission of Whole of Government Accounts (WGA) audits due to issues with HM Treasury's WGA system last year having a knock-on effect. The 2020-21 WGA audits were not concluded until late 2022. The 2021-22 WGA audits commenced but a small number are still ongoing.

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, or 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 her opinion on the accounts. Fourteen central government accounts were qualified in 2022-23 (2021-22: 11). In such cases, and in other cases where there are significant issues arising, we make a report to the Northern Ireland Assembly which may be considered by the Public Accounts Committee (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 2022-23, 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.

Quality

In line with the requirements of the Internal Standards of Quality Management (ISQM (UK) 1), ultimate responsibility for the Office's system of quality management rests with the C&AG. The Chief Operating Officer, in his capacity as Quality Management Director (QMD), has operational responsibility for the system of quality management, including the monitoring and remediation process. In his role as Ethics and Compliance partner, the QMD also has operational responsibility for compliance with independence requirements. All NIAO staff have a responsibility to deliver quality audit work.

The Senior Leadership Team (SLT) has established quality objectives, identified risks to the achievement of these quality objectives and implemented responses to address each across all work streams.

We have a number of established quality assurance and monitoring arrangements to ensure:

- audit quality is embedded, safeguarded and promoted in all work we undertake; and
- we comply with the requirements of auditing, ethical and quality management standards.

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, three accounts were subject to independent external review by the Institute of Chartered Accountants in England and Wales (ICAEW). This is the third year ICAEW have reviewed our audits.



Each of the three audits were rated 'generally acceptable' and ICAEW noted areas of good practice relating to clear and well documented testing of accounts; assessments of material valuations; delegation and annual report reviews.

The technical team continues to oversee how we ensure quality requirements for our audits are met. We seek to apply continuous improvement in the quality of our work and have established a number of monitoring and remedial arrangements to facilitate this. These include the adoption of Root Cause Analysis (RCA) to identify the underlying key causes behind any identified quality deficiencies, and subsequently design and implement appropriate remedial actions to address each and prevent reoccurrence. The technical team oversees these RCA discussions with audit teams and ensures any remedial actions are implemented in the required time frame. An overarching 'Quality Manual' has been developed to reflect changes in our policies and procedures on quality as a result of the implementation of ISQM (UK) 1 and 2, including the revised External Quality Review policy and RCA policy in line with ISQM (UK) 1 & 2.

We also subject our value for money reports to independent review by a panel of experts who provide a rating for each report. We aim to ensure that our value for money reports maintain an average quality review score of at least six out of ten.



In 2022-23, reports reviewed by the independent external review panel achieved an average score of 7.25 (2021-22: 7.7).

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 (LGA). Colette Kane, an NIAO Director, undertakes this function. The LGA, assisted by NIAO staff, is responsible for the audit of local government bodies. Following delays in the submission and audit of the 2021-22 accounts due to the pandemic, the deadline for submission of Local Government accounts for 2022-23 returned to 30 June, for certification by 30 September.



In 2022-23 we completed the audits of 15 local government accounts (2021-22: 16). None of the local government accounts were qualified in 2022-23 (2021-22: nil).

Public Reporting

The NIAO's Public Reporting Programme is planned over a two-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.

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

Number of Public Reports

Report title	Total published 2022-23
Investigative Reports	1
General Reports	1
Good Practice Guides	2
Financial Audit Reports	12
Other Reports	1
Local Government Reports	12
Total	29

The reports completed in 2022-23 are shown below. Copies of the full reports can be obtained from [our website](#).

Investigative Reports

Investigative reports aim to establish facts through engagement with audited bodies and produce a timely, responsive and focused report. In 2022-23, we published our report on the Review of NI Water's sale of Portavoe Reservoir.

General Reports

In 2022-23, we published our report on Continuous improvement arrangements in policing.

Good Practice Guides

We continue to produce good practice guides highlighting and encouraging public bodies to improve their performance in achieving value for money and implementing policy, and suggesting ways in which public services could be improved. During 2022-23, we produced two such reports:

- Planning Fraud Risks
- Board Effectiveness – A Good Practice Guide

Financial Audit Reports

- Report by the Comptroller and Auditor General on the General Teaching Council for NI Annual Report and Accounts 2020-21
- Report by the Comptroller and Auditor General on the Invest NI Annual Report and Accounts 2021-22
- Report by the Comptroller and Auditor General on the Department for the Economy Annual Report and Accounts 2021-22
- Report by the Comptroller and Auditor General on the Education Authority Annual Report and Accounts 2021-22
- Report by the Comptroller and Auditor General on the Child Maintenance Service Client Funds Annual Report and Accounts 2021-22
- Report by the Comptroller and Auditor General on the Health and Social Care Pension Scheme Annual Report and Accounts 2021-22
- Report by the Comptroller and Auditor General on the Charity Commission for NI - The Consequences of the High Court Decision in the Delegation of Decision Making in CCNI
- Report by the Comptroller and Auditor General on the Northern Ireland Ambulance Service Health and Social Care Trust Annual Report and Accounts 2021-22
- Report by the Comptroller and Auditor General on the Northern Ireland Blood Transfusion Service Annual Report and Accounts 2021-22
- Report by the Comptroller and Auditor General on the Department of Health Annual Report and Accounts 2021-22
- Report by the Comptroller and Auditor General on the Department for Communities Annual Report and Accounts 2021-22
- Report by the Comptroller and Auditor General on the Victims and Survivors Service Ltd Annual Report and Accounts 2020-21

Others

During 2022-23 we published our report on the National Fraud Initiative: Northern Ireland.

Local Government Reports

Under the Local Government Act (Northern Ireland) 2014, the Local Government Auditor has a statutory duty to publish a Local Government Annual Improvement Report on each of the 11 councils. 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. The Local Government Auditor also published a Report on the Extraordinary Audit of Causeway Coast and Glens Borough Council during 2022-23. This report was produced following a direction to the Local Government Auditor from the Minister for Communities in November 2020, for an extraordinary audit of the accounts of the Council, concentrating on land disposals and easements, and related asset management policies and procedures.

Governance, fraud prevention and detection

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 Office also provides training through programmes developed by the Chief Executives' Forum.

The NIAO continues to support public sector bodies as they maintain their fight against fraud. Ongoing budgetary pressures and the unprecedented impact of the COVID-19 pandemic has increased the risk of fraud. 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.

The Office maintains a small counter fraud unit which provides support, advice and guidance on fraud related matters to public sector organisations. During 2022-23, the unit produced a fraud risk guide on planning fraud risks. The purpose of this Guide is to raise awareness across local government in NI about what planning fraud might look like, the conditions that might give rise to planning fraud risks, and the controls that can be put in place to combat the risks. This guide is 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 findings from the seventh exercise in Northern Ireland, which was published in July 2022, included a new area of data matching relating to business support grants paid out in response to the COVID-19 pandemic.



To date in Northern Ireland, the seven NFI exercises have identified over £44 million of fraud and error.

The C&AG's reports on the NFI exercises are available via the [NFI page on our website](#). We encourage public sector bodies to make the NFI a key part of their counter fraud strategies.

Support to the Northern Ireland Assembly

The C&AG would normally provide a sitting 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 would provide to a Public Accounts Committee (PAC). We would present our reports to the Assembly and the majority of these would be considered by the PAC at hearings in which it would take evidence from the senior departmental officials involved.

Following consideration of the evidence, a PAC would publish its own report and recommendations to the Assembly. The Executive would then be 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.

However, since the collapse of the Assembly on 3 February 2022, no PAC has been formed. As a direct result, there is no legislative mechanism to formally consider our reports, nor hold government departments to account. To address this absence of accountability by an Assembly, it was agreed with the Secretary of State for Northern Ireland that all NIAO reports produced will be shared with his Office upon publication. For each of these reports, he will obtain a departmental response from the relevant Northern Ireland department, submitted via the Department of Finance, which are to be placed in the Libraries of both Houses of Parliament once the response is prepared. This process will be applied to all of our public report publications which focus on value for money, until such times as an Assembly is formed.

Engaging with Stakeholders

Receiving, investigating and replying to correspondence is an important part of our work with political representatives. It is one of our direct contact points with our MLAs and the public and is a valuable source of information for our audit work. It gives us an opportunity to explain and inform people about our work and helps us focus our questions on public bodies to probe issues and concerns of interest to the public. Where appropriate, we may carry out further audit work in response.

4

new issues of concern raised through MLAs/MPs (6 in 2021-22)

45

issues of concern received from the public/employees (45 in 2021-22)

1

Environmental Information Requests received under Data Protection Act 2018 (1 in 2021-22)

2

Complaints received (3 in 2021-22)

17

Freedom of Information Requests (20 in 2021-22)

5

Subject Access Requests (3 in 2021-22)

The NIAO remains committed to communicating and engaging with our stakeholders, both to promote our work and to foster trust and confidence in those interested in and involved in it.

We continue to be active on social media, utilising our Twitter, LinkedIn and YouTube platforms to build awareness and understanding of what we do, the opportunities we offer and the accomplishments of our staff. Audiences continued to grow in 2022-23, with followers on Twitter increasing by 11.3 per cent (with our total followers hitting 1,349 in March 2023) and LinkedIn followers increasing by 48.3 per cent.



Our video briefings, animated report summaries and our videos of staff and office promotion have been seen over 13,000 times over the last 12 months (April 2022-March 2023). Our website was visited by over 23,000 users in the same period, with our publications and media releases being downloaded over 15,000 times.

Our communication with stakeholders also continues to be two-way, drawing on their input and feedback in order to reflect on our performance, address issues of concern, and recognise our successes. As well as maintaining sustained dialogue and interaction, in May 2023 we issued our latest survey to all audited bodies across central departments, local government and NDPBs. Of 109 questionnaires issued, 54 responses were received. This survey collected feedback on audited bodies' experiences of working with the Office during the previous twelve months. Of the responses received:

94%

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

94%

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

94%

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

The NIAO has continued to engage with key stakeholder groups at notable events over the last 12 months. These have included our ongoing support for the Boardroom Apprentice Programme and participating as a sponsor board for the first time. In June 2022, the Office launched its Board Effectiveness good practice guide in conjunction with the Chief Executives' Forum and Chairs' Forum at Stormont Pavilion. In March 2023, the Office participated in the 2023 Leadership & Governance conference and took a stand promoting the work of the Office. The C&AG is also a key supporter of the SistersIN Programme and has provided her mentee with guidance and coaching and the opportunity to meet key influencers in the Northern Ireland public sector. In February 2023 the LGA's address at this year's Local Government Association conference was on the theme of "Responding to Future Challenges". In addition, our Director, Patrick Barr, has provided a series of lectures to the Queen's University Belfast Management School.

Raising Concerns and MLA Queries

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.



In 2022-23, 45 disclosures about the use of public money were received (2021-22: 45 cases). Disclosures are encouraged, dealt with professionally and treated in confidence, as appropriate.

MLA queries

We also pursue concerns raised with us by Members of the Legislative Assembly.



In 2022-23, four separate concerns were raised, all of which we have followed up (2021-22; 6 cases). One case remains under investigation.

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.

Influencing public sector transformation

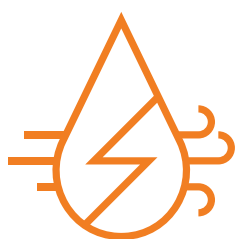
This section of the report provides an overview of how we have influenced transformation in Northern Ireland through our independent insight of the public sector.

What this section contains:

- The impact of our reports
- Office Collaborations

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 impacts of our work. Quantitative impacts can overshadow qualitative impacts and are more tangible as they identify a financial saving; however, they only present a partial picture, as it is difficult to quantify the deterrent effect of public audit, including the issue of our good practice guides, in contributing to improved public services. Set out below are examples of qualitative and quantitative impacts that continued to have an effect in 2022-23.



Generating Electricity from Renewable Energy (2020)

This report looked at the government-backed Northern Ireland Renewables Obligation (NIRO) which provides a financial incentive, in the form of Renewables Obligations Certificates (ROCs), to accredited generators of electricity from renewable sources, such as wind, solar and anaerobic digester plants. It considered issues around anaerobic digester plants and onshore wind turbines. It also assessed the existence and effectiveness of joined-up strategic and operational partnership arrangements across government to support the NIRO scheme.

The report identified a large number of renewable generating stations which had not been included on the non-domestic Net Annual Value (NAV) List. As a direct result, Land and Property Services (LPS) was able to add them to the NAV list, and following assessments, charge their owners a total of £6.7 million. Of this total, £4.1 million was billed in 2020-21, followed by a revision in 2021-22 for an additional £1.4 million and a further £1.2 million billed in 2022-23. This has broadened the ratepayer base, resulting in a more fair and equitable distribution of Northern Ireland's total rates liability.

A number of qualitative benefits have also arisen as a direct result of this report, primarily relating to improved cross-government working arrangements and the sharing of data. Further impacts will also be achieved as and when a new Renewable Energy Support Scheme is designed and implemented. However, the absence of a functioning Executive is currently delaying this action.

Other impacts from this report continue to evolve. LPS continues to explore various options and expand on relationships in order to ensure that it has the most relevant and current information available to maintain an accurate valuation list. For example: LPS has requested that it receives the Department for Infrastructure's renewable energy planning applications list, which is updated on a biannual basis; LPS continues to extract relevant data from the Ofgem Renewables Register to allow a cross-check against their valuation list; and continues its engagement with DfE as its plans for a new Renewable Energy Support Scheme move forward.



Good Practice Guide Planning Fraud Risks (March 2023)

The purpose of this short Guide was to raise awareness across local government in NI about what planning fraud might look like, the conditions that might give rise to planning fraud risks, and the controls that can be put in place to combat the risks. It is relevant for councillors, planning committee members and any staff within organisations who are involved in any way, no matter how small, in the planning process.

The Guide, which was launched at the 2023 Leadership and Governance Conference, will also prove useful for auditors reviewing planning arrangements, helping them to see the warning signs (or "red flags") of potential fraud.



Extraordinary Audit of Causeway Coast and Glens Borough Council (July 2022)

The Local Government Auditor was directed by the Department for Communities to undertake an extraordinary audit of Causeway Coast and Glens Borough Council concentrating on land disposals and easements, and related asset management policies and procedures. The report from this audit included eight recommendations. The Council accepted the report and the recommendations and agreed an action plan. This action plan is being taken forward and is being overseen by the Department for Communities.



The Executive Office Resource Account Report to those charged with Governance (2022)

In the TEO Resource Account 2020-21, it was noted that there was no legislative cover for Northern Ireland Civil Service departments to issue and manage Financial Transactions Capital (FTC) loans. As a result, and in compliance with accounting treatment, the assets and liabilities relating to these loans were not recognised in the primary statements of the NDPB accounts, but rather an annex which disclosed the information, and was not subject to audit. Such loans were therefore not recorded in any public sector accounts. We therefore recommended that this issue should be raised with the Department of Finance (DoF) with a view to putting legislation in place to allow NI departments to make FTC loans directly. We have been advised by DoF that it is progressing a Financial Provisions Bill which will provide legislative authority for Departments to manage FTC loans and will ensure they are recorded in the relevant authority's accounts.



Planning in Northern Ireland **(February 2022)**

Our report on Planning in NI was a cross public sector report examining the performance of the planning system across central and local government. The report formed the basis for a number of PAC evidence sessions before the issue of a PAC report in March 2022. The report contained 12 recommendations. A joint Department for Infrastructure and Local Government work programme is being progressed which includes actions under key themes such as Governance which has included the establishment of an interim Regional Planning Commission of key stakeholders; Policy & Legislation; Local Development Plan; Development Management; Performance and Engagement.



Sports Sustainability Fund (June 2021)

The Sports Sustainability Fund (SSF) was co-designed by both the Department for Communities (DfC) and Sport NI (SNI), together with a number of governing bodies and clubs. It opened to applicants in December 2020. The overall aim was to provide financial support to ensure that, once the COVID-19 crisis had passed and restrictions were lifted, Northern Ireland would still have a diverse and geographically spread range of sports. Funding of £25 million was secured from the Executive to help the sports sector as this was the expected funding need. The total value of grants actually awarded was £23 million.

The report made a number of recommendations which were immediately taken forward in later COVID and non-COVID related schemes run by DfC, which have resulted in more effective spend of public money, including:

- Limiting grants to cover losses but not underwrite past profits;
- Capping the level of single grants at a maximum level; and
- Taking account of the reserves and cash balances that an organisation already has before providing additional funding.



Impact Review of Special Educational Needs (2020)

This report, which was published in September 2020, was a follow-up to our 2017 report on Special Educational Needs (SEN). In both 2017 and 2020, we concluded that the Department of Education (DE) and the Education Authority (EA) could not demonstrate value for money in the provision of support to children with SEN. Our 2020 report called for a systemic review of the SEN policies, processes, services and funding model to ensure the provision is sufficient to meet the needs of all children with SEN.

The Public Accounts Committee (PAC) was extremely concerned by the findings and held evidence sessions on this report in Autumn 2020 and made a number of recommendations. Key actions included the commissioning of two independent reviews. The first review assessed the effectiveness of the EA. The second review considered whether the SEN provision and current processes are fit for purpose, in terms of progress made by children, impact on children's outcomes and whether the services can be delivered more effectively and efficiently across schools. Both reviews have now been completed and the recommendations are being considered and progressed by the Department of Education and the EA.

This is a crucial step towards transforming SEN provision and achieving the best outcomes for children.

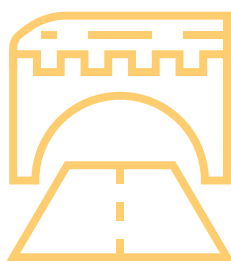


Addiction Services in Northern Ireland (2020)

Northern Ireland, the structures and systems in place within the health sector for tackling addiction, and the challenges faced by those accessing addiction services. It examined services delivered by healthcare providers to those affected by drug and alcohol use. Amongst the key messages and findings in the report were:

- the level of harm and complexities associated with alcohol and drug use is rising;
- inconsistencies in the referral pathways for, and provision of, Tier 4 rehabilitation beds across the five Trusts; and
- the Department has little information on outcomes for service users, and future data collection should focus on the impact services have on people's lives.

The findings and recommendations from this report informed and were incorporated into the Department of Health's new ten-year strategic framework which aimed to tackle the harms from substance use, launched in September 2021.



Major Capital Projects (2019)

This report provided a high-level overview of the Northern Ireland public sector major capital projects portfolio and departmental progress in delivering eleven projects. These included the seven flagship infrastructure projects identified by the NI Executive in 2015 as its highest priority projects. Of the seven flagship projects examined, none had been delivered in line with both original time and budget estimates. Departments attributed this to a range of common issues: funding constraints, legal challenges, planning issues, and a lack of interest from the construction industry.

In the subsequent Public Accounts Committee report, it recommended that

'...membership of the Northern Ireland Civil Service Board is revised so that top quality non-executives (with a commercial background) sit alongside NICS Permanent Secretaries. Further it recommended that progress on major capital projects features more prominently on the agenda of the NICS Board.'

Actions taken to implement these recommendations include six-monthly reporting to the NICS Board, since June 2022, providing oversight of major capital projects and the appointment of three new independent non-executive members to the NICS Board in February 2023. The actions now taken have the potential to increase transparency and to identify and resolve any common themes which are causing delays to the delivery of projects.



Follow-up reviews in the health and social care sector: Locum Doctors and Patient Safety (2019)

This report outlined the findings of follow-up examinations on two key areas within the Health and Social Care (HSC) sector (locum doctors and patient safety) which have previously been the subject of reviews by the NIAO and the Public Accounts Committee (PAC). We reported on locum doctors in July 2011 and on patient safety in November 2012, with PAC publishing its reports in March 2012 and February 2013 respectively. Our primary focus was to measure the degree to which key PAC recommendations for improvement had been implemented in practice.

The report had recommended that the HSC Trusts strengthen their internal monitoring to ensure that pre-employment checks on locum doctors were being undertaken, and that the Department should also consider commencing central monitoring of this key area. The Department

subsequently introduced a need for Trusts to carry out an annual regional audit programme of all contract locum agency processes to ensure that all necessary pre-employment checks were being carried out. The Department has also written to all Trusts and the Business Support Organisation (BSO), prior to the new Procurement Framework commencing in March 2023, to highlight the need to reinstate annual audits.

BSO has also strengthened arrangements for the new locum contracts, due to commence in March 2023, including introducing a new clause which ensures that failure to undertake pre-employment checks will result in a breach of contract.



Type 2 diabetes prevention and care (2018)

Our report found that the number of people diagnosed with diabetes in Northern Ireland has increased by 71 per cent from 51,500 in 2004-05 to 88,300 in 2015-16 (5.7 per cent of the adult population). Approximately 90 per cent of these were Type 2 cases. Current estimates suggest that the local healthcare system spends £400 million annually on treating diabetes. This represents 10 per cent of the total health budget, which is potentially forecast to rise to 17 per cent by 2035. This report highlighted that progress in implementing a strategic framework for Type 2 diabetes care in Northern Ireland has been very slow.

One of our recommendations arising from this report was that the Department of Health works with other key stakeholders to ensure that the availability of patient education was broadened. As a result of our recommendation, a number of steps have been taken to improve accessibility to structured patient education, including:

- Personnel have been trained in each HSC Trust area to deliver the agreed Structured Diabetes Education programmes for both Type 1 and Type 2 diabetes.
- Structured Diabetes Education is now an established service model in receipt of recurrent funding and embedded as a service across Northern Ireland under the Diabetes Network. As such, its provision has now been placed on a more sustainable and accessible footing. Service provision is also subject to ongoing monitoring and evaluation to continually improve services and maximise patient outcomes.

Office Collaborations

The Office also continues to collaborate with key stakeholders to share our experience and insight.



Boardroom Apprenticeship 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. For 2022-23 we acted as a host board for a non-executive trainee director.



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, in June 2022 we launched our Board Effectiveness good practice guide at a combined event with the Chief Executives' Forum and the Chairs' Forum at Stormont Pavilion. The event was a significant success, with positive feedback from attendees including the Head of the Civil Service, Jayne Brady. In March 2023 we also supported CEF organising a stand at its 2023 Leadership & Governance conference and used it as an opportunity to launch the Office's new Planning Fraud Risks Guide.



SistersIN

The C&AG is an active supporter of the SistersIN Mentoring Programme, which provides students with longer-term exposure to female leaders serving as inspirational role models. Acting as a mentor, the C&AG has, over the past year, provided her mentee with multiple opportunities to share her experience, her insights and her learnings and has introduced her to many of the key influencers across the public sector and political landscape in Northern Ireland.



Young Scotland and Northern Ireland Programme

The Young Scotland and Northern Ireland Programme is a 4-day residential annual event, aimed at bringing together various delegates starting out their career in the public sector. It exists to develop the communication skills and broaden the horizons of people in the early stages of their working lives. Through discussion and dialogue, the personal testimonies of inspiring speakers, and the delegates' own presentations on questions of 'current interest or controversy', the programme helps to build confidence, stimulate debate, and increase awareness of the world around us. For the 2023 event, we sent two of our staff, Fiona Cullen and Sinéad Henry, to participate in the event and represent the Office.



Local Government Association

The Northern Ireland Local Government Association (NILGA) is the council-led representative body for local authorities in Northern Ireland. The Association is supported by political parties and independent members in councils and works in partnership with other key regional bodies and stakeholders. NILGA members are drawn from each of the 11 councils. NILGA promotes, develops and champions local government by developing regional, all council, approaches to key issues affecting the sector. The Local Government Auditor, Colette Kane, addressed its membership at the 2023 Local Government Association conference on the theme of "Responding to Future Challenges".

Our People

This section of the report demonstrates how we ensure the NIAO operates as a high performing organisation to meet emerging challenges.

What this section contains:

- Our Staff Achievements
- Staff Absence
- Staff Engagement and Wellbeing
- Equality
- Investors In People
- Real Living Wage

Our Staff Achievements

The Office continues support staff in providing them with the training and opportunities to develop and broaden their experience.

A sample of their achievements is set out below:



Corey McNutt - Boardroom Apprentice

The Boardroom Apprentice is a twelve-month unique board learning, development and placement programme which enables those who would like to serve on a public or third sector board to learn and gain experience in a safe way before they take that step. It seeks to enable a wider diversity of individuals to play their part in our boardrooms.

NIAO auditor, Corey McNutt, took part in the 2022 Boardroom apprentice program. For her placement, Corey sat on the board of Age NI.

Reflecting on her experience, Corey said "Boardroom apprentice is a pioneering scheme allowing people from all ages, backgrounds, localities, and abilities to have the opportunity to develop the skills and confidence to sit on the board of a public sector entity or charity. The mix of practical and classroom training provided has given me a well-rounded view of the roles and responsibilities of a board member. I was delighted to be placed with Age NI who were extremely welcoming and provided an excellent learning environment, with every board member being an example of the passion and commitment necessary to fulfil the role well."



Chantelle Reynolds - Boardroom Apprentice

This year the NIAO participated as a host board for the first time and took on Chantelle Reynolds as our Apprentice. Chantelle said "The Boardroom Apprentice is a great programme that provides a great opportunity to participate and learn on a board. I joined the NIAO, which was a great experience that I took a lot from. I would definitely encourage anyone who is considering taking part in the programme to apply".

The NIAO are participating again this year as a host board.



**Brian O’Neill - Chief Executive’s Forum
Transformative Leader Programme**

NIAO Director, Brian O’Neill, took part in the Chief Executives’ Forum “Transformative Leader Programme” during 2022-23.

Reflecting on the programme, Brian commented “The Transformative Leader Programme was a very rewarding programme and provided an excellent opportunity to meet and learn from other experienced senior leaders, as well as providing numerous practical techniques and tools for building resilience and mental wellbeing as a leader. Individual coaching sessions throughout the programme were also of great benefit, providing useful tips and advice.”



**Conor Hill, Laura McCullagh, Andrew Moore –
Chartered Accountants Ireland Certificate in
Sustainability Strategy, Risk and Reporting**

During this program Conor, Laura and Andrew learned about the various disclosures that are available for adoption in preparing financial statements, and the legislation that is coming over the horizon to put climate related issues at the forefront of public/private sector agendas.

The course involved attending seminars, completing learning logs and sitting four tests on the materials from the classes. The seminars had an interactive approach, and allowed accountants from all sectors to gain and share knowledge on the topic from each individual’s industry perspective, and this allowed for experiences and information to be shared. From this course all attendees passed and are accredited with the Certificate in Sustainability Strategy, Risk and Reporting.



Fiona Cullen & Sinead Henry - Young Scotland and Northern Ireland Programme

The Young Scotland and Northern Ireland Programme is a four-day residential annual event, aimed at bringing together various delegates starting out their career in the public sector, the aim of the programme is to develop the communication skills and broaden the horizons of people in the early stages of their working lives. It does so through an annual series of residential courses, each of three days' duration, in which delegates are encouraged to think and talk freely about the big issues facing us as a society.

Fiona described the experience, saying that "The week went past so quickly and turned out to be a very social and one of a kind experience. As it included the Young Ireland Programme as well, it was great to hear how other civil servants are working and share our experiences. It helped us both become more confident speaking to large audiences and expressing our opinions, while also learning how current issues impacted differently across the UK and Ireland."



Catherine James - CIPFA Accredited Counter Fraud Specialist Course

At the beginning of the year Senior Auditor, Catherine James, undertook the CIPFA Accredited Counter Fraud Specialist qualification. The qualification covered the specialist knowledge and skills required to tackle financial fraud in the public sector. It featured case studies drawn from across public bodies and offered practical scenarios to teach best practice methodologies when it comes to economic crime.

Upon successful completion of 3 assignments and 3 online exams, Catherine passed the qualification and was accredited as a Counter Fraud Specialist by the Counter Fraud Professional Accreditation Board.

"I thoroughly enjoyed the course, and it was interesting to learn from other delegates past experiences in this area, especially those who were ex-police officers. I am putting my learning into practice within the Counter Fraud Unit in NIAO. I would recommend the course to anyone interested in developing their knowledge of Counter Fraud and investigation techniques."



Rebekah Gleghorne

Over the past two years, alongside working full time in the Data Analytics team, NIAO Senior Data Scientist Rebekah Gleghorne completed a Master’s degree in Data Analytics with Queens University Belfast.

Throughout the course Rebekah studied data mining, machine learning algorithms and statistical analyses and how these techniques can be used to make the most of data. The course gave her the opportunity to learn new programming languages, including Python and SQL and introduced her to the concept of neural networks that now drive so much of the innovative technology used today. Rebekah had the opportunity to work on an innovative analytics project within the NIAO, focussing on the use of linear regression within audit.

Rebekah said “After presenting my final report to a panel of lecturers at Queen’s University I was very pleased to graduate with a distinction! I am looking forward to using my new knowledge and skills to enhance to work of the DA team and to pursue innovation solutions to audit problems.”



Donna Anderson

In September 2021 Donna Anderson undertook an Associate Diploma in People Management at Belfast Metropolitan College. This was supported by the Assistance to Study programme. She successfully completed the Diploma in June 2022, having gained valuable people management insight and experience throughout the year.

Donna said “The course was a great experience, which I have been able to incorporate into my work. The NIAO were accommodating to allow me to take the time to develop my learning, and I would recommend taking the opportunity.”



SistersIN – Dorinnia Carville

The SistersIN Programme is all about inspiring young women; helping instil the confidence and perspective they need to discover their full potential. This is achieved through three main methods – leadership training, a bespoke in-school leadership project, and a mentorship programme. Dorinnia joined the Programme as a mentor, supporting her mentee, a sixth former at Victoria College, Belfast, as she embarks on her future career path. Reflecting on the experience, Dorinnia said “One of the great things about how the SistersIN Leadership Programme works is that mentors are matched with pupils who have relevant career interests. The mentee I am working with, for example, has an interest in government and politics. As someone whose career has covered public audit in both central and local government, and who has worked with politicians and senior officials from across the public sector, I was proud to introduce my mentee into this world of work.”



Patrick Barr - Business Sustainability Management

NIAO Director Patrick completed an executive education course through Cambridge University. The course, Business Sustainability Management, was delivered by the Cambridge Institute for Sustainability Leadership and is designed to address the growing need and prevalence of sustainability practices in organisations, both public and private sector. The learning from this course will support Patrick’s ability to understand and assess the NI Government’s plans for net zero and its progress toward achieving them.

There was further exam and professional development success for our Trainee Accountants and Higher Level Apprentices during the year. Trainee Accountants Sinead Henry and Michael McNally passed their Final Admitting Examination, whilst Matt Brown qualified as a chartered accountant. Meanwhile, Trainee Accountant Nigel Cousins passed his Chartered Accountant Proficiency 2 exams.

Trainee Accountants Jude Kells, Nikita White, Beth Lyttle, Aaron Hawthorne and Caitlin Teye successfully passed their Chartered Accountant Proficiency 1 exams, Jude and Nikita placed 6th and 9th respectively for their results.

Kyle Jeavons and Aine Hanley completed their Higher Level Apprenticeship (HLA), qualifying as Account Technicians. Kyle is progressing to the Trainee Accountant programme. Siubhan Ni Chiarain and Ben Johnstons successfully completed year 1 of their HLA and are progressing to Year 2.

We are extremely proud of our trainees and apprentices, for the hard work they put in, and the results they achieved.

Sickness Absence

The Office has a comprehensive attendance management policy, providing advice and information to employees on matters relating to sickness absence. The policy details the procedures to be followed with regards to reporting and monitoring attendance in the Office. Sickness absence is managed very tightly in the Office and sickness absence figures are closely monitored by the Senior Leadership Team and the Board. The figures for the past 3 years are as follows:

Year	Average days' sickness absence per employee	% Absence
2020-21	5.0	1.9
2021-22	11.4	4.5
2022-23	8.8	3.5

The Office has a target of six days average sickness per employee. In 2022–2023 this was not achieved. However there has been a decrease from 2021–22. This reduction would align with the drop in COVID-19 cases and changes to public health advice. In 2022-23 COVID-19 was still the top reason for short-term absence within the Office accounting for 39.5% of short-term absence days, and 12.6% of all absence during this reporting period.

The Office recognises that there will always be some level of absence within the organisation, and it adopts a holistic approach to absence management, including the provision of a range of preventative resources, such as a gym facility and access to an online Health and Wellbeing portal. When dealing with employee absences, the Office will always act reasonably and fairly, taking account of individual circumstances and will seek the advice of Occupational Health Services where appropriate.

Employee Engagement & Wellbeing

The Office conducted an Employee Opinion Survey in November 2022 in order to gauge employee's perceptions post COVID-19. The results of the survey were collated and distributed to ensure full transparency. Subsequent to the survey, the Office carried out workshops to allow for a more in-depth discussion and analysis of employee opinions. The output from this will be the formulation of a new People Strategy and action plan.

During the reporting period, the Office continued to focus on wellbeing and mental health first aid was rolled out to a further five people within the office, including a member of the trade union. This collaborative approach to wellbeing helps to ensure employees have several people they can approach if they are in crisis.

Post COVID-19, the Wellbeing Committee are now in the process of reviewing the Wellbeing Strategy with a view to creating a revised action plan that adapts to the current workforce practices such as hybrid working.

Action Mental Health continued to roll out mental health awareness training to employees during the reporting period, with 18 staff attending the mental health awareness and developing personal resilience course.

The Sports and Social Club organised a full calendar of events such as lunchtime pool competitions and charity coffee mornings. This not only helps with employee's general wellbeing, it helps build high performing teams.

Equity, Diversity and Inclusion

NIAO are fully committed to the effective promotion of equality of opportunity in all our employment NIAO are fully committed to the effective promotion of equality of opportunity in all our employment policies and procedures. This involves adopting a fair and consistent approach to recruitment and all recruitment is carried out based on merit. Equity, Diversity & Inclusion training is mandatory for all employees, so that everyone is aware of the expectations of them with regards to creating a harmonious working environment for all. All employees are encouraged to develop to their full potential and the Office is committed to developing talent within the organisation on a fair and impartial basis.

NIAO appreciate that having a diverse workforce makes great business sense and has participated in various initiatives such as SistersIN and International Women's Day in order to show our commitment to Equity, Diversity & Inclusion.

Staff Turnover Percentage

The staff turnover percentage, as defined as the number of leavers divided by the average staff in post, was 14 per cent for the year ended 31 March 2023.

Investors in People (IIP)

A new People Strategy was agreed in September 2020 which underpinned NIAO's 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 provides NIAO with a framework for ongoing improvement and further actions directly related to the findings of the IIP feedback were added to NIAO's People Strategy Roadmap in 2021. The 12 month review was completed by the IIP consultant in March 2022 who noted there had been good progress made against the People strategy roadmap and a report was produced highlighting achievements in the preceding year and identifying priority areas for the coming year. This was shared with all staff in March 2022 to ensure transparency. The 24 month review was completed by the IIP consultant in May 2023 and it was acknowledged how much the office had achieved over the 24 month period. The reaccreditation process will take place in March 2024 with a view to achieving the silver standard.

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.

Resource Accounts 2022-23

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.

The financial statements on pages 96 to 116 have been prepared on a resource basis in accordance with the 2022-23 Government Financial Reporting Manual (FRM) issued by the Department of Finance.

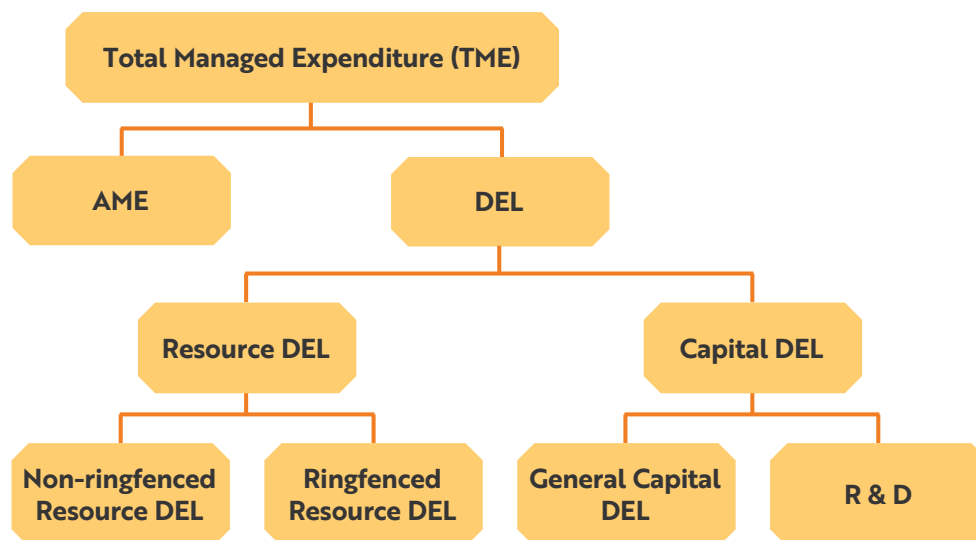
NIAO Estimate and Budget process

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 the NIAO’s budget proposals, agrees the annual Supply Estimate with the C&AG, and lays the Supply Estimate before the Assembly for approval.

The NIAAC agreed the NIAO budget proposal for 2022-23 on 30 November 2021. The NI Assembly passed the Budget Act (Northern Ireland) 2022 in March 2022 which authorised the cash and use of resources for the 2021-22 year. This Act also included a Vote on Account to authorise access to cash and use of resources for the early months of the 2022-23 financial year.

The Northern Ireland Budget Act 2023 was passed by Parliament and received Royal Assent on 8 February 2023. It authorised the cash and use of resources for all departments and other bodies for the full 2022-23 year and, also included a Vote on Account for the early months of the 2023-24 financial year. This will be followed by a further Budget Bill which the Secretary of State will bring to Parliament in due course, following the 2023-24 Northern Ireland Budget which he set in his Written Ministerial Statement on 27 April 2023.

Budget structure



The total amount spent is referred to as the Total Managed Expenditure (TME), which is 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-ringfenced resource that pays for programme delivery and running costs, and ringfenced resource that covers non-cash charges for depreciation and impairment of assets.
- Capital DEL includes spending on assets. Research and Development (R&D) grants are 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 2022 to 2023 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/103442/Consolidated_budgeting_guidance_2022_to_2023_-_GOV.UK_(www.gov.uk).pdf).

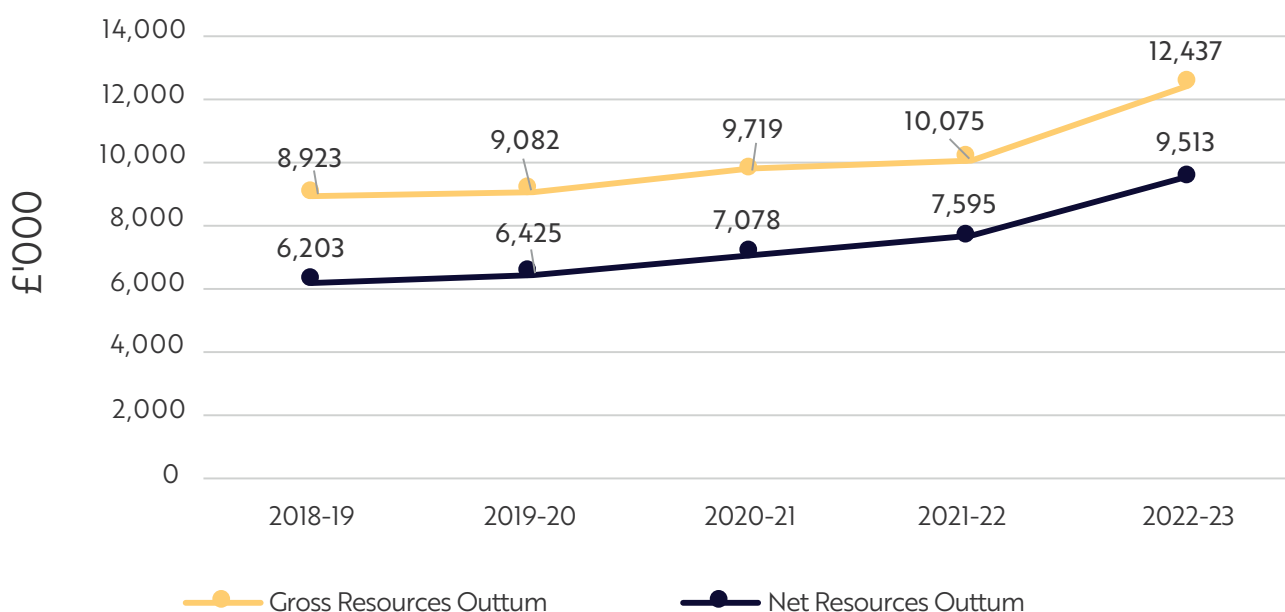
Resources

The figure below sets out the resource outturn figures from 2018-19 to 2022-23 excluding the costs of the Voluntary Exit Scheme (VES) in 2018-19 and grant funding secured through the Department for Economy's Small Business Research Initiative (SBRI) / Department for Business, Energy and Industrial Strategy's GovTech initiative. This latter funding was awarded to the NIAO from 2019-20 to 2021-22 to conduct research and help develop new systems and techniques.

Resource outturn has increased this year to allow for additional funding to cover the decrease in value of the NIAO's newly refurbished accommodation in line with current market conditions.

Resource Outturn - 2018-19 to 2022-23 excluding the costs of VES and SBRI/GovTech

RESOURCES EXPENDED 2018-19 TO 2022-23



The Northern Ireland Assembly authorises separate resource, capital and cash budgets, which form totals within which the NIAO must manage. Overall financial performance against the budget is set out in the following table:

	Estimate £'000	Outturn £'000	Saving/ (Excess) £'000	Saving/ (Excess) %
Total spend on audit and assurance work	13,215	12,438	777	6
Less: income	-2,900	-2,925	(25)	(1)
Net spend	10,315	9,513	802	8
Capital expenditure	2,290	1,990	300	13

These figures exclude non-voted expenditure items, such as the Comptroller and Auditor General's salary, which is paid directly by the Assembly and is outside the control of the Northern Ireland Audit Office.

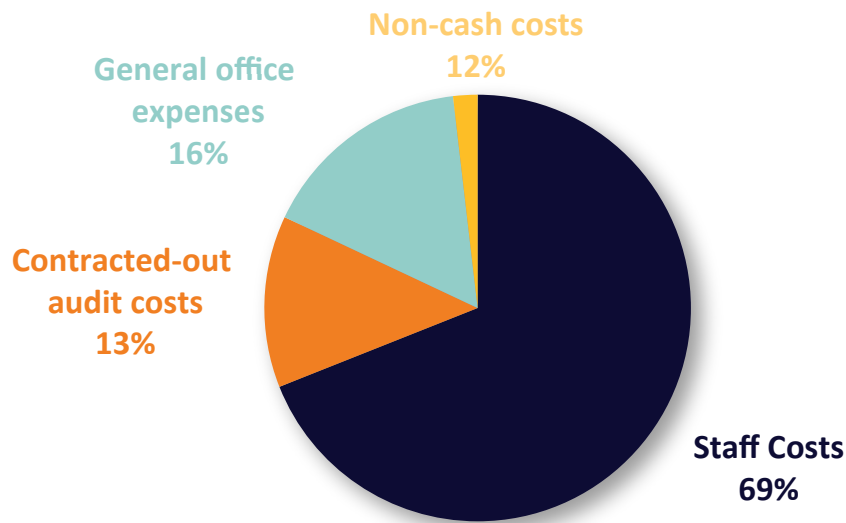
This table ties directly to the SOAS as a key accountability statement which is audited.

The NIAO has made savings on both resource and capital expenditure this year due to:

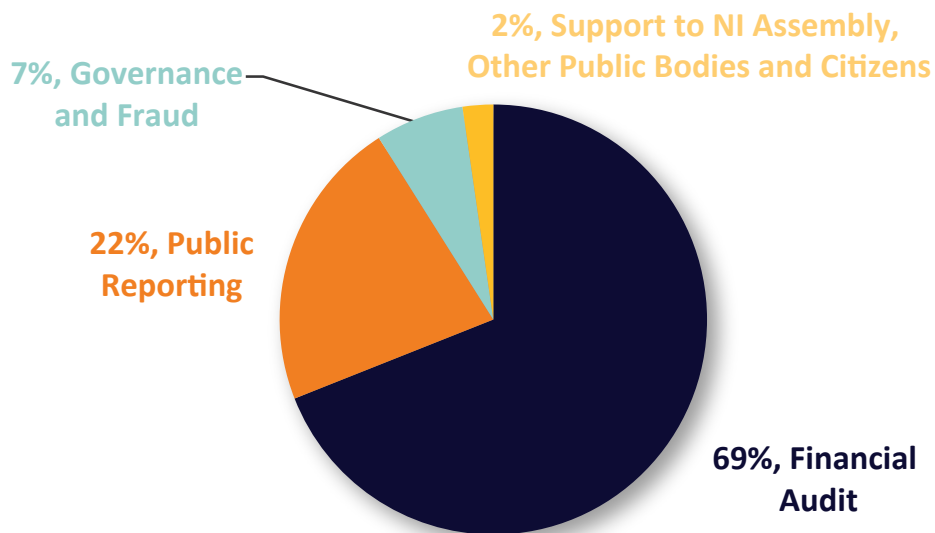
- the challenging market affecting NIAO's ability to recruit sufficient resources to meet the established staff complement;
- income received to offset additional procurement work required during 2021-22; and
- capital expenditure on the accommodation project being less than anticipated.

The figures below show that the main area of expenditure, excluding costs covering the decrease in value of accommodation, continues to be staff costs at 69 per cent of expenditure (2021-22: 68 per cent) with nearly 70 per cent of the NIAO's resources (2021-22: 72 per cent), being focused on financial audit. Non-cash costs have increased this year to reflect the downward valuation of the building as set out in Note 6 to the Financial Statements.

KEY AREAS OF EXPENDITURE



HOW RESOURCES WERE USED



In addition to the above, the cost of administering the Comptroller Function was £13,000, 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; and
- local government bodies, for the audit of their accounts and performance improvement.

Each element of income, and the direct costs associated with it, is shown in Other Assembly Accountability Disclosures (Audited) at page 89.

Resources required in the future

On resumption of the Assembly we expect the NIAO's support to the NI Assembly and public reporting work to increase significantly. It will be very challenging to deliver this within the confines of the budget, given that the majority of the NIAO's financial work relates to statutory audits. The Secretary of State set out a budget for NIAO 2023-24 in his Written Ministerial Statement on 27 April 2023 which is currently under discussion.

Capital - Redeveloping NIAO Office Accommodation

The NIAO spent nearly £2 million of the allocated £2.3 million capital budget in 2022-23 to complete the redevelopment of its premises this year. Details are shown in Note 6 to the financial statements.

Summary budget to accounts reconciliation

The Government Financial Reporting Manual requires a table showing a reconciliation between the budgets and accounts:

	2022-23 £'000	Restated 2021-22 £'000
Resource Budget Outturn of which		
Departmental Expenditure Limits (DEL) - Voted	9,513	7,595
Departmental Expenditure Limits (DEL) - Non-Voted	211	214
Annually Managed Expenditure (AME)	-	-
Total	9,724	7,809
Net Operating Cost	9,724	7,809

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.



For 2022-23, the Office paid 97.3 per cent of bills (2021-22: 97.6 per cent) within 30 days following delivery of the invoice.

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 2022-23 we met this standard for 88.8 per cent of invoices received (2021-22: 88.3 per cent).

Sustainability, environmental, social and community matters

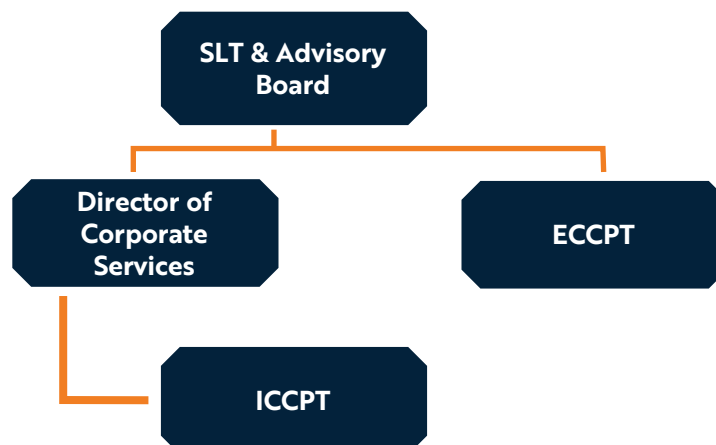
In 2021-22 the NIAO presented its emissions figures and actions on sustainability for the first time. In the intervening year we have sought to improve our understanding of sustainability, refine our reporting, and take action to reduce our emissions.

Governance

The Internal Climate Change Programme Team (ICCPT) and the External Climate Change Programme Team (ECCPT) were established in 2021-22 to tackle the issue of sustainability both within the Office (ICCPT) and the wider public sector (ECCPT).

The ICCPT currently reports to the Senior Leadership Team (SLT). It currently has three members and submits papers to SLT via the Director of Corporate Services. The ECCPT, which has eight members, and is Director-led, reports directly to the SLT. Staff are encouraged to contribute and make suggestions to both groups.

The governance structure of NIAO sustainability reporting is summarized below.



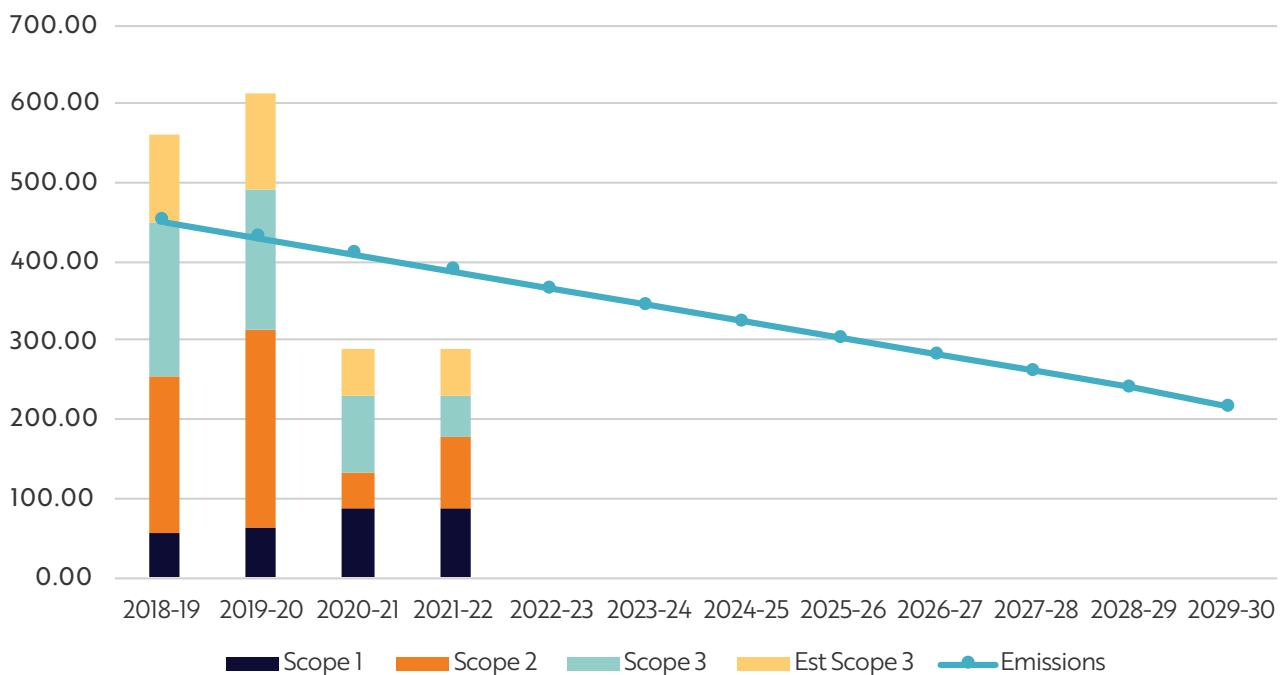
Emissions

We have adopted the Green House Gas Protocols 2001 (GHG) and the associated GHG reporting. We report on all Scope 1 emissions, which include emissions the NIAO make directly. Our report also includes purchased electricity and water (Scope 2 emissions) and business travel, commuting and working from home (Scope 3 emissions). Therefore Scope 1 and Scope 2 emission calculations are materially complete. However, our Scope 3 emissions remain incomplete, as we have yet to capture upstream and downstream emissions, such as sourcing products from our suppliers.

We have elected to establish 2018-19 as our baseline year for emissions, due to it being the first year with full data available, and it was the last full year free from the COVID-19 pandemic disruption and the new hybrid way of working.

NIAO annual emissions (Total kgCO₂e per year) by scope and targets

NIAO EMISSIONS AND 2030 TARGET



In-year, we have produced a sustainability risk register and ensured that all such significant risks identified are incorporated into the existing NIAO corporate risk register. In its current form, one sustainability-specific risk has been identified; however, there are a number of sustainability related risks for which mitigations have been introduced, including the establishment of the two working groups above. Environment and sustainability have been included in horizon scanning exercises to ensure risks are identified.

The NIAO has not performed a major scenario analysis exercise but has considered various scenarios on the Department for Infrastructure's flood maps viewer. In the surface water climate change filter, NIAO's location could be exposed to excess surface water making it more dangerous for staff to travel to and from the office. As a response, the NIAO has reviewed its disaster recovery plan to ensure operations can continue without office access.

A more significant risk to our work identified was the impact climate change on our clients. We audit a wide variety of organisations which have assets required for service delivery. Such assets at potential risk include coastal paths due to erosion and rising sea levels; this could mean such assets are more difficult to value and verify and NIAO may see more limitations of scope as valuation becomes more difficult in extreme climate scenarios.

Actions

A series of workshops were run to raise awareness of sustainability. The workshops explored the Office's biggest emission sources, and participants were given the opportunity to get creative and consider innovative ways to tackle the issue, before refining suggestions into achievable actions.

A total of 25 members of staff (approx. 22%) took part in the workshops which generated 37 ideas, refined into 13 proposals.

Action plan metrics and KPIs

Following on from the proposals from our workshops, SLT and the ICCPT refined and added further suggestions to create the NIAO Net Zero action plan. This focuses on quick wins, but the action plan is a living document to aid progression in our Net Zero Journey.

Moving forward, NIAO aims to report on more quantitative and qualitative metrics including:



- Being on target to reduce emissions by 48% by 2030 in line with the NI Climate Bill 2022
 - Reducing electricity consumption
 - Reducing gas consumption
 - Reducing water consumption
 - Increasing species on office grounds
-

A handwritten signature in black ink that reads "Dorinnia Carville".

Dorinnia Carville
Comptroller and Auditor General for Northern Ireland

30 June 2023

Accountability Report

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 Board members, whose details are set out below.

NIAO Senior Leadership Team

The Senior Leadership Team (SLT) is responsible for the strategic and operational leadership of the NIAO. Subject to the C&AG's statutory position as corporation sole and her primacy in setting strategy, policy and procedures, SLT is the principal mechanism for the direction and delivery of the business and for decision-making in the NIAO. SLT was established following a review of governance arrangements and the role of the Senior Management Team (SMT) in October 2022, replacing the previous SMT. Monthly minuted SLT meetings are chaired by either the C&AG or the COO and its membership over the reporting period was as follows:



Dorinnia Carville
Comptroller and
Auditor General



Rodney Allen
Chief Operating
Officer



Patrick Barr
Director



Neil Gray
(to 30 June 2023)
Director



Colette Kane
Director



Brian O'Neill
Director



Seamus Wade
(from 17 April 2023)
Director



Suzanne Walsh
Director



Tomas Wilkinson
Director

NIAO Senior Management Team

SMT was the principal mechanism for directing the business and decision-making in the NIAO. This team was chaired by the C&AG and its membership up to October 2022 was as follows:

Dorinnia Carville (from 1 August 2022)	Comptroller and Auditor General
Kieran Donnelly CB (until 31 July 2022)	Comptroller and Auditor General
Rodney Allen	Chief Operating Officer
Patrick Barr	Director
Neil Gray	Director
Colette Kane	Director
Brian O’Neill	Director
Suzanne Walsh	Director
Tomas Wilkinson	Director

C&AG’s Advisory Board

The Advisory Board is responsible for providing objective and impartial advice to the C&AG to assist her in the discharge of her functions and works in partnership with the C&AG and the SLT. 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 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 have been revisited following the review of [“Governance and Accountability Arrangements for the NIAO \[and the Northern Ireland Public Services Ombudsman\]”](#) conducted by the NIAAC. This report produced 16 NIAO-related recommendations including the esconducted by the NIAAC. This report produced 16 NIAO-related recommendations including the establishment of the NIAO as a body corporate in the form of a statutory board, the establishment of a code of practice between the statutory board and the C&AG and, in advance of these arrangements, the updating of the current Memorandum of Understanding to reflect organisational changes.

In 2022-23, 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 for an initial three-year period to December 2021 and has subsequently been appointed for a further three-year period to December 2024. 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
Chief Operating Officer

Rodney Allen, as Chief Operating Officer has 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.

Two non-executive members, initially appointed in April 2019, have been re-appointed to the Advisory Board for a further three-year period, effective from 1 April 2022. One non-executive member joined in 2022 and has since departed to take up an alternative post in the public sector. In our ongoing engagement with the "Boardroom Apprentice" programme, we also have appointed an apprentice member to the Board.



Marie Mallon OBE

Marie Mallon (OBE) is a member of the Board of the Northern Ireland Transport Holding Company and is an associate of the Health and Social Care Leadership Centre. Marie has also held the position of Chair of the Labour Relations Agency as well as Chair of the Public Sector Chairs' Forum. 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 Fellow of the Chartered Institute of Personnel and Development (CIPD) and obtained a distinction in her MSc in HR Leadership from University of Manchester. In 2022 she was awarded an OBE for her services to industrial and employment relations in Northern Ireland.



Terry McGonigal (from 1 July 2022 to 5 January 2023)

Terry McGonigal is a Fellow of the Chartered Association of Certified Accountants (FCCA) and a Fellow of the Chartered Institute of Personnel and Development (FCIPD). He holds Masters Degrees in Business Administration and in Public Sector Innovation Management. With over 30 years' experience working in the public sector, Terry is an experienced Finance Director and has a strong track record of providing leadership and direction for major ICT-led Change programmes, to improve the efficiency and effectiveness of finance and other corporate functions. Terry also has significant experience in supporting the work of public sector Boards and Audit Committees, both in an executive and non-executive capacity, and has a breadth of experience in developing and strengthening corporate governance arrangements to ensure compliance with best practice. Terry is also a member of the Board of Governors for Malone College and an Independent Member of the Audit Committee for the NI Public Sector Ombudsman.



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.



Chantelle Reynolds

Chantelle Reynolds joined us as a Boardroom Apprentice in our first year as a host board with the scheme. Over the term of her appointment Chantelle was supported by our SLT in order to gain practical board experience as part of her programme. Chantelle is a Management Accountant with the Hannaway Corporate Advisory Group in Belfast. She has over 20 years of Commercial Finance experience, having enjoyed the majority of her career as Group Accounts Manager for a chain of retail stores. Chantelle made the move to practice and quickly specialised in Charity Accounting, managing the accounts for a variety of high profile trusts, charities and social enterprises.

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.

The membership of the Committee is:

John Turkington (Chairperson)

Marie Mallon OBE

Terry McGonigal (from 1 July 2022 to 5 January 2023)

Register of interests

None of the non-executive or executive members of the Office's governance structures in 2022-23 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. In 2021-22, it decided to take up the option to extend the contract by a further two years.

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 she ought to have taken to make herself 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 2022-23, we received two complaints, each of which was addressed in-house.

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

Information Manager
Northern Ireland Audit Office
106 University Street,
Belfast,
BT7 1EU

Tel No 028 9025 1097

Health and Safety

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

No incidents were recorded during 2022-23 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 she 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 her statutory functions.
- The Northern Ireland Act 1998 requires that, in exercising her functions, except for any function conferred on her 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 her statutory audit functions, with responsibility for the programme of audit work, all audit opinions and judgements resting with her alone.

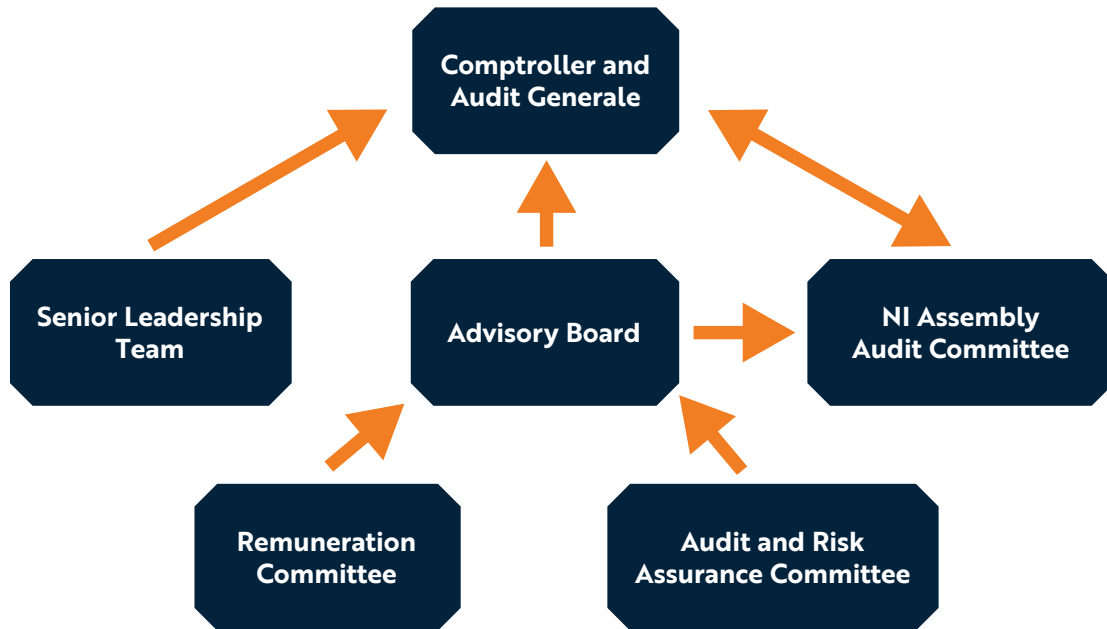
As the holder of this office, I have primacy in determining the strategy, staffing and structure of the Office and am responsible for designing and implementing the internal governance arrangements to support the delivery of my statutory functions. In so doing, I seek to comply with the spirit of the '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.

This will be addressed through the Northern Ireland Assembly Audit Committee (NIAAC) who published a report on the "[Review of the Governance and Accountability Arrangements for the Northern Ireland Audit Office and the Northern Ireland Public Services Ombudsman](#)" in January 2022. This report includes 16 recommendations directly related to the NIAO, including the future tenure of the C&AG, the appointment of a single auditor for the public sector, the establishment of the NIAO as body corporate in the form of a Board, and the appointment of non-executive members of the NIAO statutory board by NIAAC.

The outworkings of many of these recommendations will require legislation; however others, such as the strengthening and updating of the current memorandum of understanding between my Office and NIAAC to reflect organisational changes, can be addressed following the return of the NI Assembly.

The current internal governance arrangements of the NIAO that I have established are illustrated below.

NIAO Governance Structure



Overall I am content that the current 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. Under current arrangements, 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. This will be extended as the recommendations of the NIAAC Committee report are implemented; the governance structures will also change. However, until the return of the NI Assembly and the implementation of the NIAAC recommendations, the key elements of the internal governance arrangements of the Office are as set out 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 her in the discharge of her functions and works in partnership with the C&AG and the Senior Leadership 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 executive (the C&AG and the COO) and non-executive members, 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 2021-22, the initial three-year tenure for all of our non-executive members was coming to an end. However, following consultation with the NIAAC, it was agreed to extend the term of the Chair and two of the three non-executive members by a further two years. A further non-executive member was appointed in-year to maintain membership levels.

During 2022-23, the Advisory Board met four times. The attendance at each of these events is recorded below:

C&AG's Advisory Board Attendance

Members	17/05/22	04/10/22	12/12/22	06/02/23
Martin Pitt (Chairperson)	Yes	Yes	Yes	Yes
John Turkington	Yes	Yes	Yes	Yes
Marie Mallon	Yes	Yes	Yes	Yes
Terry McGonigal	Not in post	Yes	Yes	Not in post
Kieran Donnelly (C&AG)	Yes	Not in post	Not in post	Not in post
Dorinnia Carville (C&AG)	Not in post	Yes	Yes	Yes
Rodney Allen (COO)	Yes	Yes	Yes	Yes
Chantelle Reynolds (Boardroom Apprentice)	Not in post	Yes	No	Yes

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 62 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 members of the NIAO, excluding the NIAO Board Chairperson, who may attend, by invitation, if required. The Chairperson of ARAC, appointed by the Board Chairperson, was John Turkington.

During 2022-23, the Committee met four times and also held a workshop on horizon scanning for unexpected risk. The attendance at each of these events is recorded below:

Audit and Risk Assurance Committee Attendance

Members Present	03/05/22	21/06/22	27/09/22	12/12/22 Workshop	17/01/23
John Turkington (Chairperson)	Yes	Yes	Yes	Yes	Yes
Marie Mallon	Yes	No	Yes	Yes	Yes
Terry McGonigal	Not in post	Not in post	Yes	Yes	Not in post
Martin Pitt (by invitation)	Yes	Yes	Yes	Yes	Yes
Chantelle Reynolds (Boardroom Apprentice)	Not in post	Not in post	Yes	Yes	Yes

The meetings were attended by Kieran Donnelly CB (up to 31 July 2022), Dorinnia Carville (from 1 August 2022), Rodney Allen and other NIAO staff.

ARAC remains independent of all NIAO operational activities; under its terms of reference 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, 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 2023-24.

Remuneration Committee

The Remuneration Committee met three times in 2022-23. 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 meetings was as follows:

Remuneration Committee Attendance

Members Present	07/06/22	12/12/22	06/02/2023
Marie Mallon (Chairperson)	Yes	Yes	Yes
John Turkington	Yes	Yes	Yes
Martin Pitt	Yes	Yes	Yes
Terry McGonigal	Not in post	Yes	Not in post
Chantelle Reynolds (Boardroom Apprentice)	Not in post	No	Yes

Each meeting was attended by Rodney Allen (COO) and other NIAO staff.

Senior Management Team (SMT)

The SMT comprised the C&AG, as Chair, the Chief Operating Officer and six Directors. It was responsible for the strategic and operational leadership of the Office until it was stood down in September 2022 and was replaced by the Senior Leadership Team.

The SMT met six times during this period, where there was over 90 per cent attendance by members. Relevant non-members were invited to attend these meetings in relation to items such as office accommodation, office finances, risk management, developments in the Office's branding strategy, data analytics, recruitment and the Business Transformation Programme (BTP). During the term of the SMT, the BTP Phase II continued to progress under 12 separate work streams.

Senior Leadership Team

The Senior Leadership Team (SLT), which replaced the Senior Management Team in October 2022, comprises myself, as Chair, the Chief Operating Officer and six Directors. The SLT normally meets on a weekly basis. In the monthly four week cycle, the week three meeting reviews and formally endorses the activities set out in the business meetings against the achievement of the corporate strategic priorities.

The SLT assists the C&AG in the delivery of the key business areas of the Office and, based on the proportionate application of the 'Corporate governance in central government departments: Code of good practice NI 2013', its responsibilities are: Strategic Projects; Strategic Performance; People and Organisational Development; Financial Management; Corporate Governance; Communication and Engagement; Risk Management; Audit Technical; and Escalation Assessment.

The SLT, which has met 20 times since its establishment, covers normal scheduled business, with 90 per cent attendance by members at the week three 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, office finances, risk management, developments in the Office's branding strategy, data analytics, recruitment and the completion of the Business Transformation Programme (BTP).

Since its inception, SLT has closely overseen the outworkings and implications of International Standard on Auditing: ISA 315 (Revised), Identifying, and Assessing the Risks of Material Misstatement, ISA (UK) 600 (Revised September 2022) Special considerations—Audits of group financial statements (including the work of component auditors) and the implementation of the Review of Financial Processes.

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: Management of Risk – Principles and Concepts (2023).

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 SLT and 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.

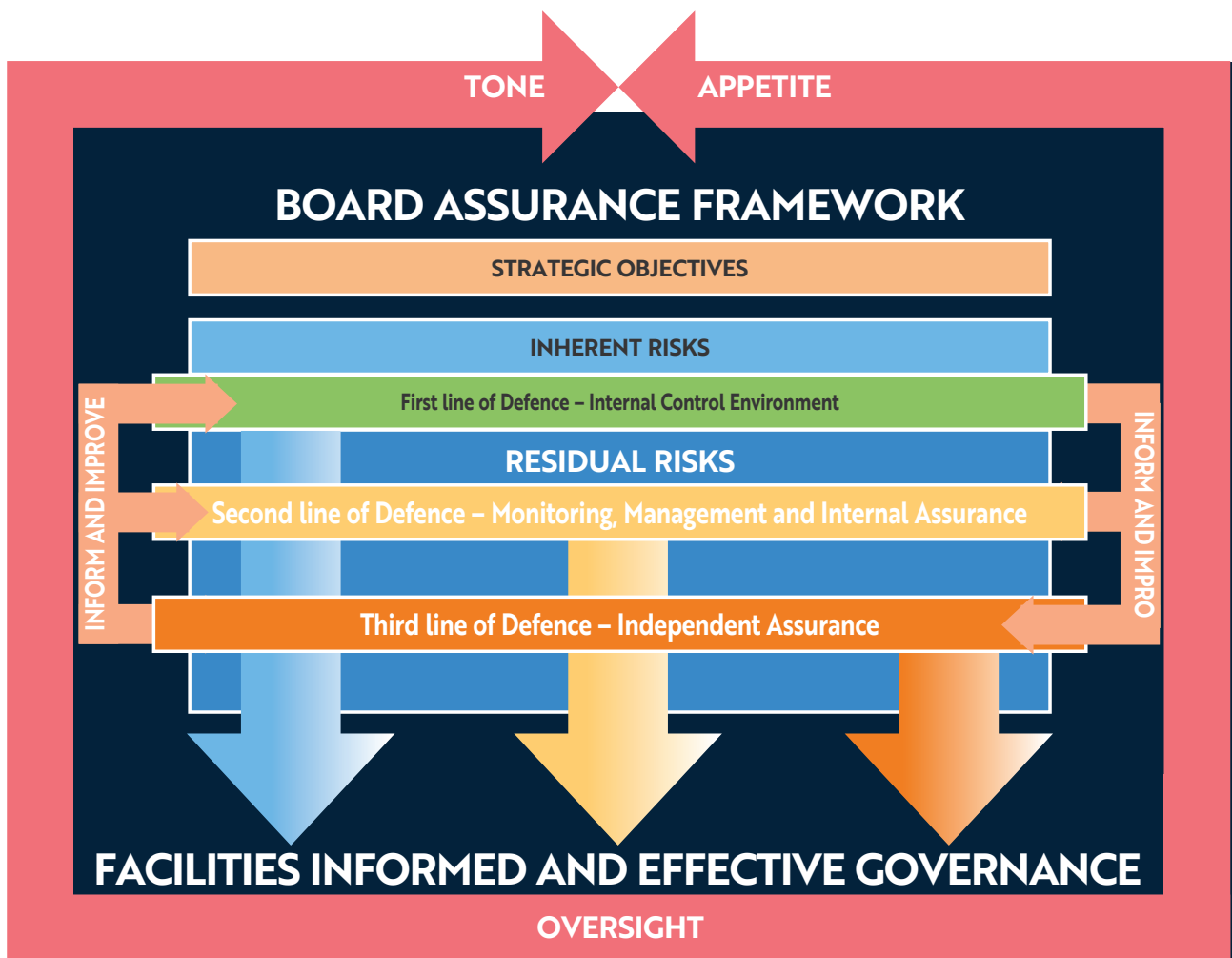
As in previous years, we have continued to manage risk through an assurance framework which I consider to be proportionate to the size and the complexity of our business.

The Assurance Framework is a key tool for ARAC in fulfilling its responsibility to ensure that the Office is effectively managing its inherent risks within risk appetite. Within the assurance framework the three lines of defence have a common objective, i.e. to help the organisation achieve its strategic and corporate objectives through effective management of risks, and have been defined as follows:

- the first line of defence is the internal control environment which identifies the policies, procedures and processes put in place by management;
- the second line of defence is management's own monitoring and risk assurance processes – this includes reviewing of targets and KPIs, operational management reporting, financial management accounts, quality assurance reviews and other reports issued to senior management; and

- the third line of defence is independent assurance provided by external sources. Given that we are a small organisation, we have also included external audit and other independent reviews in this category.

Through the adoption and implementation of the framework, the Office has a better understanding of its risks and what it is doing to mitigate these. By feeding into the corporate planning process, the framework can assist in the establishment of clear approved strategic objectives. It also identifies the key internal and external risks and whether they have been sufficiently addressed, the primary controls in place to manage the risks, any gaps in controls, management actions to close the gaps, and sources of assurance, both internal and external. This is best illustrated in the diagram below.



During 2022-23, Risk Management was a standing agenda item at all meetings of the SLT and ARAC. The Corporate Risk Register Working Group (the Working Group), which is responsible for directly briefing the SLT and, by extension, ARAC on risk management developments, met four times in 2022-23. The timing of its meetings ensured that all requirements of the SLT and ARAC were addressed on a timely basis.

The corporate risk register aligns to our current Corporate Plan 2021-24, and during 2022-23 we identified three key areas of risk:

- supporting and promoting public sector accountability and improvement;
- valuing our people and managing resources; and
- transforming our business (external and internal).

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

Quality

How we have addressed quality is set out in the performance analysis section of this Annual Report.

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 Senior Leadership Team, 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 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 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 2022-23 including:

- Office Expenses;
- Governance and Risk Management;
- IT Disaster Recovery and Business Continuity Plan; and
- Digitisation

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, there is a satisfactory system of governance, risk management and control.

Significant internal control weaknesses

I am able to report that there were no significant weaknesses in the NIAO's system of internal control in 2022-23 which affected the achievement of the Office's key policies, aims and objectives.



Dorinnia Carville
Comptroller and Auditor General for Northern Ireland

30 June 2023

Remuneration and Staff 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 107 as Consolidated Fund Standing Services.

Senior Management

The Audit (Northern Ireland) Order 1987 provides that the C&AG shall appoint such staff as she considers necessary for assisting her in the discharge of her 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 her 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 (including salary) and Pension Entitlements

The following sections provide details of the remuneration and pension interests of the NIAO's Senior Leadership Team (SLT). The information on pages 76 to 82 is covered by the audit opinion.

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

Single total figure of remuneration						
Name and Title	Salary (£'000)		Pension Benefits* (to nearest £1,000)		Total (£'000)	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Kieran Donnelly C&AG (until 31 July 2022)	50-55 (full year equivalent 150-155)	185-190	–	–	50-55	185-190
Dorinnia Carville C&AG (from 1 August 2022)	100-105 (full year equivalent 150-155)	–	39	–	140-145	–
Rodney Allen COO	115-120	105-110	4	184	120-125	290-295
Patrick Barr Director	80-85	75-80	33	31	115-120	105-110
Neil Gray** Director	90-95	85-90	36	35	130-135	120-125
Colette Kane Director / LGA	95-100	95-100	-1	62	95-100	155-160
Brian O'Neill Director	80-85	75-80	33	50	115-120	125-130
Suzanne Walsh Director	80-85	75-80	33	29	115-120	105-110
Tomas Wilkinson Director	90-95	85-90	11	28	105-110	115-120

* 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.

** Neil Gray retired on 30 June 2023 and Seamus Wade took up post on 17 April 2023.

Salary

'Salary' includes gross salary and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by the NIAO and thus recorded in these accounts.

Bonus payments

No bonus payments are made to 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 2022-23.

Fair Pay Disclosures (Audited)

Pay Ratios

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid member of the SLT in their organisation and the lower quartile, median and upper quartile remuneration of the organisation's workforce.

The banded remuneration of the highest paid director in the NIAO in the financial year 2022-23 was £150,000-155,000* (2021-22: £185,000 - £190,000). The relationship between the mid-point of this band and the remuneration of the Office's workforce is disclosed below.

*This is the full time equivalent of the C&AG's salary in 2022-23.

2022-23	25th Percentile	Median	75th Percentile
Total Remuneration (£)	£39,066	£41,142	£51,006
Pay Ratio	3.9:1	3.7:1	3:1

2021-22	25th Percentile	Median	75th Percentile
Total Remuneration (£)	£36,920	£39,944	£49,520
Pay Ratio	5.1:1	4.7:1	3.8:1

*The prior year figure has been restated in the 2022-23 accounts and is considered more accurate.

Total remuneration includes salary and benefits-in-kind. It does not include severance payments, employer pension contributions or the cash equivalent transfer value of pensions.

For 2022-23 the 25th percentile, median and 75th percentile remuneration values consisted solely of salary payments.

In 2022-23 no (2021-22: no) employees received remuneration in excess of the highest paid member of the SLT.

Remuneration ranged from £19,121 to £154,527 (2021-22: £18,348 to £189,403). The lower range for the prior year has been restated and now includes annualized figures which are considered more accurate.

The C&AG's role is the highest paid position in NIAO. Using the full-year equivalent he/she was the highest paid member of the SLT during 2022-23. Her full-year equivalent salary was in the range £150,000 to £155,000 (2021-22: £185,000 to £190,000). This was 3.7 times (2021-22: 4.7) the median remuneration of the workforce which was £41,142 (2021- 22: £39,944).

The 2021-22 salary of the previous C&AG, Kieran Donnelly CB included a one-off, retrospective pay award covering the period from 2017 to 2022 legislated by the Northern Ireland Assembly in March 2022.

Percentage Change in Remuneration

Reporting bodies are also required to disclose the percentage change from the previous financial year in the:

- a) salary and allowances; and
- b) performance pay and bonuses

of the highest paid member of the SLT and their employees as a whole.

The percentage changes in respect of the NIAO are shown in the following table. It should be noted that the calculation for the highest paid member of the SLT is based on the mid-point of the band within which their remuneration fell in each year.

Percentage Change for:	2022-23 v 2021-22*	2021-22 v 2020-21*
Average Employee Total Remuneration	4%	0%**
Highest Paid Director's Total Remuneration	(18.7%)	31.6%

*No performance pay or bonuses were payable to the highest paid individual in these years.

**The prior year figure has been restated in the 2022-23 accounts and is now considered more accurate.

The percentage increase in the average employee remuneration is primarily due to an increase in staff appointments at more senior grades during 2022-23.

Non-Executive Members

During 2022-23, the following remuneration was payable to non-executive members in undertaking their NIAO Advisory Board and Audit and Risk Assurance Committee duties:

	Date of Contract	Length of contract (years)	2022-23 Salary £'000	2021-22 Salary £'000
Martin Pitt	01-12-21	3	10-12.5	10-12.5
Terry McGonigal*	01-07-22	3	0-2.5	-
Marie Mallon OBE	01-04-22	3	5-7.5	7.5-10
John Turkington	01-04-22	3	2.5-5	5-7.5
Noel Hyndman**	01-04-19	3	-	2.5-5

*Terry McGonigal was appointed for a period of three years up to July 2025. He resigned on 5 January 2023.

**Noel Hyndman ceased to be a member of the NIAO Advisory Board and ARAC at the end of his contract on 31 March 2022.

***Fergus Devitt was appointed for a period of three years from 8 June 2023.

Pension Benefits - Officials (Audited)

Name and Title	Accrued pension at pension age as at 31/3/23 and related lump sum	Real increase in pension and related lump sum at pension age	CETV* at 31 March 2023	CETV* at 31 March 2022	Real increase in CETV*
Official	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)
Dorinnia Carville C&AG	0-5	0-2.5	26	0	18
Rodney Allen COO	60-65 plus lump sum of 125-130	0-2.5	1,128	1,017	-12
Patrick Barr Director	15-20	0-2.5	216	185	16
Neil Gray Director	25-30	0-2.5	475	418	26
Colette Kane Director / LGA	40-45 plus lump sum of 75-80	0-2.5	803	732	-16
Brian O'Neill Director	25-30 plus lump sum of 40-45	0-2.5 plus lump sum of 0-2.5	444	382	17
Suzanne Walsh Director	15-20	0-2.5	197	168	13
Tomas Wilkinson Director	30-35 plus lump sum of 45-50	0-2.5	525	472	-2

* CETV = Cash Equivalent Transfer Values. CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2023. HM Treasury published updated guidance on 27 April 2023; this guidance will be used in the calculation of 2023-24 CETV figures.

**The previous C&AG, Kieran Donnelly CB, chose not to be covered by the Northern Ireland Civil Service Pension Scheme in 2022-23 and 2021-22.

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 initially 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 members of the classic, premium, classic plus and nuvos pension arrangements (collectively known as the PCSPS (NI)) also moved to alpha from that date. At that time, members who on 1 April 2012 were within 10 years of their normal pension age did not move to alpha (full protection) 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 (tapered protection).

McCloud Judgment

In 2018, the Court of Appeal found that the protections put in place in 2015 that allowed older workers to remain in their original scheme, were discriminatory on the basis of age. As a result, steps are being taken by the Department of Finance to remedy those 2015 reforms, making the pension scheme provisions fair to all members. Some active members will have seen changes from April 2022.

The remedy is made up of two parts. The first part was completed last year with all active members now being members of alpha from 1 April 2022, this provides equal treatment for all active pension scheme members.

The second part is to put right, 'remedy,' the discrimination that has happened between 2015 and 2022. We are currently working on new scheme regulations and processes in readiness for this.

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 alternative schemes e.g. legacy PCSPS(NI) 'Classic', 'Premium' or 'Nuvos' (legacy scheme) or alpha. Scheme regulations made in March 2022, closed the PCSPS(NI) to future accrual from 31 March 2022, and all remaining active PCSPS(NI) members (including partially retired members in active service) moved to 'alpha' from 1 April 2022. This completed Phase One to remedy the discrimination identified by the Courts. Any pension benefits built up in the legacy scheme prior to this date are unaffected and PCSPS(NI) benefits remain payable in accordance with the relevant scheme rules. Phase Two will see the implementation of the Deferred Choice Underpin. That is, giving eligible members a choice between legacy scheme and alpha scheme benefits for service between 1 April 2015 and 31 March 2022. At this stage, allowance has not yet been made within CETVs for this remedy. Further information on the remedy will be included in the NICS pension scheme accounts which, once published, are available at <https://www.finance-ni.gov.uk/publications/dof-resource-accounts>.

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.

From 1 April 2015, all new entrants joining can choose between membership of alpha or joining a 'money purchase' stakeholder arrangement with a significant employer contribution (Partnership Pension Account).

Information on the PCSPS(NI) – Closed scheme

New entrants joining on or after 30 July 2007 were eligible for membership of the legacy PCSPS (NI) 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.

Partnership Pension Account

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. The normal scheme pension age in alpha is linked to the member's State Pension Age but cannot be before age 65. The Scheme Pension age is 60 for any pension accrued in the legacy Classic, Premium, and Classic Plus arrangements and 65 for any benefits accrued in Nuvos. Further details about the NICS pension schemes can be found [on the Department on Finance 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 2022 was 10.1 per cent and HM Treasury has announced that public service pensions will be increased accordingly from April 2023.

Employee contribution rates for all members for the period covering 1 April 2023– 31 March 2024 are as follows:

Scheme Year 1 April 2023 to 31 March 2024

Annualised Rate of Pensionable Earnings (Salary Bands)		Contribution rates - All members
From	To	From 01 April 2023 to 31 March 2024
£0	£25,049.99	4.6%
£25,050.00	£56,999.99	5.45%
£57,000.00	£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 2022-23.

Staff Report

Staff Costs (Audited)

Costs	2022-23 £'000			2021-22 £'000
	Permanently employed staff	Others	Total	Total
Wages and salaries	5,236	17	5,253	5,009
Social security costs	599	-	599	539
Other pension costs	1,659	-	1,659	1,587
Sub Total	7,494	17	7,511	7,135
Less recoveries in respect of outward secondments	-	-	-	-
Total net costs	7,494	17	7,511	7,135

The salary and other costs of the C&AG are not included within the above cost as her remuneration is met directly from the Consolidated Fund for Northern Ireland.

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 Actuary's 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'. The Department of Finance also commissioned a consultation in relation to the Cost Cap element of Scheme Valuations which closed on 25 June 2021. The Cost Cap Mechanism (CCM) is a measure of scheme costs and determines whether member costs or scheme benefits require adjustment to maintain costs within a set corridor. 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. Following completion of the consultation process the 2016 Valuation has been completed and the final cost cap determined. Further information can be found on the Department of Finance website <https://www.finance-ni.gov.uk/articles/northern-ireland-civil-service-pension-scheme-valuations>.

A case for approval of a Legislative Consent Motion (LCM) was laid in the Assembly to extend the Public Service Pensions and Judicial Offices Bill (PSP&JO) to Northern Ireland. Under the LCM agreed by the NI Assembly on 1 November 2021, provisions are included in the Act for devolved schemes in NI. A second LCM was laid in the Assembly to implement the CCM changes in the Westminster Bill for devolved schemes. The second LCM, as agreed by the Assembly on 31 January 2022, ensured the reformed only scheme design and the economic check will now be applied to the 2020 scheme valuations for the devolved public sector pension schemes, including the NICS pension scheme. The PSP&JO Act received Royal Assent on 10 March 2022. The UK Act legislates how the government will remove the discrimination identified in the McCloud judgment. The Act also includes provisions that employees will not experience any detriment if the adjusted valuation costs breach the set cost cap ceiling, but any breaches of the cost cap floor (positive employee impacts) in the completed valuations will be honoured.

For 2022-23, employers' contributions of £1,658,685 were payable to the NICS pension arrangements (2021-22: £1,586,960) at one of three rates in the range 28.7 per cent to 34.2 per cent of pensionable pay, based on salary bands.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £NIL (2021-22: £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 (2021-22: 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 (2021-22: £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.

One person (2021-22: 0 persons) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £NIL (2021-22: £NIL).

Average number of persons employed (Audited)

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

2022-23			2021-22
Permanently employed staff	Others	Total	Total
113	-	113	113

Reporting of Civil service and other compensation schemes – exit packages (Audited)

There were no compulsory redundancies in 2022-23 (2021-22: nil).

There were 113 permanent full-time equivalent staff at 31 March 2023 (2021-22:115).

	Male	Female
Senior Management	5	2
Other Staff	45	61
Total	50	63

Consultancy

In 2022-23, we paid £25,000 (2021-22: £8,000) 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 2022-23, we paid £17,400 (2021-22: £NIL) 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 2022-23. We had no off-payroll engagements in place at any time during 2022-23.

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 capital purposes) 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 and corresponding Act of the Assembly, 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 SOAS contains a summary table, detailing performance against the control limits that the Assembly has voted on, cash spent (budgets are compiled on an accruals basis and so outturn won't exactly tie to cash spent) and administration.

The supporting notes detail the following: Outturn detailed by Estimate line, providing a more detailed breakdown (note 1); a reconciliation of outturn to net expenditure in the Statement of Comprehensive Net Expenditure (SOCNE) to tie the SOAS to the financial statements (note 2); and a reconciliation of net resource outturn to net cash requirement (note 3).

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 48, 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.

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 – mirroring Parts I and II of the Estimates

Summary table, 2022-23, all figures presented in £000s.

Type of spend	Note	Outturn			Estimate			Outturn vs Estimate, saving/(excess)		Prior Year Outturn Total, 2021-22
		Voted	Non-Voted	Total	Voted	Non-Voted	Total	Voted	Total	Restated
Departmental Expenditure Limit										
Resource	SOAS 1.1	9,513	211	9,724	10,315	220	10,535	802	811	7,809
Capital	SOAS 1.2	1,990	-	1,990	2,290	-	2,290	300	300	1,743
Total Budget Expenditure		11,503	211	11,714	12,605	220	12,825	1,102	1,111	9,552
Non-Budget Expenditure		-	-	-	-	-	-	-	-	-
Total Budget and Non Budget		11,503	211	11,714	12,605	220	12,825	1,102	1,111	9,552

Note 1: Figures in the areas outlined in bold are voted totals subject to Assembly control.

Net Cash Requirement 2022-23, all figures presented in £000s.

Item	Note	Outturn	Estimate	Outturn vs Estimate, saving/(excess)	Prior Year Outturn Total, 2021 - 22
Net Cash requirement	SOAS 3	10,092	10,920	828	10,045

Note 1: Figures in the areas outlined in bold are voted totals subject to Assembly control.

Programme costs 2022 -23, all figures presented in £000s

Type of spend	Note	Outturn	Estimate	Outturn vs Estimate, saving/(excess)	Prior Year Outturn Total, 2021-22 Restated
Programme costs	SOAS 1.1	9,513	10,315	802	7,595

Notes to the Statement of Outturn against Assembly Supply, 2022-23 (£000s)

SOAS1.1 Analysis of resource outturn by Estimate line, all figures presented in £000s.

Type of spend (Resource)	Resource Outturn			Estimate	Outturn vs Estimate, saving/ (excess)	Prior Year Outturn Total, 2021- 22 Restated
	Programme					
	Gross	Income	Net Total			
Spending in Departmental Expenditure Limits (DEL)						
Voted Expenditure						
1. Audit and Assurance Services	12,438	2,925	9,513	10,315	802	7,595
Total Voted DEL	12,438	2,925	9,513	10,315	802	7,595
Non-voted Expenditure						
2. Comptroller and Auditor General's Salary Costs	211	-	211	220	9	214
Total non-voted DEL	211	-	211	220	9	214
Total spending in DEL	12,649	2,925	9,724	10,535	811	7,809

SOAS1.2 Analysis of capital outturn by Estimate Line, all figures presented in £000s.

Type of spend (Capital)	Outturn			Estimate	Outturn vs Estimate, saving/ (excess)	Prior Year Outturn Total, 2021- 22 Restated
	Programme					
	Gross	Income	Net Total			
Spending in Departmental Expenditure Limits (DEL)						
Voted Expenditure						
1. Audit and Assurance Services	1,990	-	1,990	2,290	300	1,743
Total Voted DEL	1,990	-	1,990	2,290	300	1,743

SOAS 2. Reconciliation of outturn to net operating expenditure

No reconciliation is required as resource outturn in the SOAS is the same as net operating expenditure in the SOCNE.

Summary tables – mirroring Part III of the Estimates

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

Item	Note	Outturn total £'000	Estimate £'000	Outturn vs Estimate, saving/(excess) £'000
Total Resource outturn	SOAS 1.1	9,724	10,535	811
Total Capital outturn	SOAS 1.2	1,990	2,290	300
Adjustments to remove non-cash items				
Depreciation, impairments and revaluations		(1,961)	(2,275)	(314)
Adjustments to reflect movements in working balances				
Increase/(decrease) in receivables		(178)	(140)	38
(Increase)/decrease in payables		728	730	2
Total		10,303	11,140	837
Removal of non-voted budget items		-	-	-
Consolidated Fund Standing Services		(211)	(220)	(9)
Net cash requirement		10,092	10,920	828

As noted in the introduction to the SOAS above, Outturn and the Estimates are compiled against the Budgeting framework, not on a cash basis.

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.

	2022-23 £'000			2021-22 £'000		
	Income	Full Cost	Surplus/ (deficit)	Income	Full Cost	Surplus/ (deficit)
Fee Income						
NAO Agency Fees	431	502	(71)	469	456	13
Other Financial Audit						
Fees	1,442	1,806	(364)	1,343	1,499	(156)
Local Government Audit	907	956	(49)	1,015	1,036	(21)
Fees	145	132	13	-	-	-
NFI	2,925	3,396	(471)	2,827	2,991	(164)
Other Income						
Income from secondments	-			16		
	2,925			2,843		

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 due to differences in the timing of audits being completed, significant issues arising in certain audits and both the NIAO and clients adapting to new ways of working post pandemic.

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.



Dorinnia Carville
Comptroller and Auditor General for Northern Ireland

30 June 2023

Independent Auditor's Report to the Northern Ireland Assembly

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 2023 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 2022-23 Government Financial Reporting Manual (the 2022-23 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 2023 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 2022-23 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 2023 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.

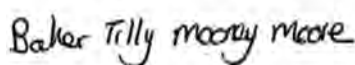
The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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. This description forms part of our certificate.

In addition, we are 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
Clarendon Dock
Belfast
BT1 3BG

30 June 2023

Financial Statements

Statement of Comprehensive Net Expenditure for the year ended 31 March 2023

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	2022-23		2021-22	
		£'000	£'000	£'000	£'000
Total Operating Income	5		(2,925)		(2,843)
Staff Costs	3	7,511		7,135	
Purchase of Goods and Services	4	3,177		3,277	
Depreciation and impairment	4	1,961		127	
Total Operating Expenditure			12,649		10,539
Net Operating Expenditure	SOAS1.1		9,724		7,696
Other Comprehensive Net Expenditure					
Items that will not be reclassified to net operating expenditure:					
– Net loss/ (gain) on revaluation of Property, Plant and Equipment	6/7		773		(105)
Comprehensive Net Expenditure for the year			10,497		7,591

The notes on pages 101 to 116 form part of these accounts.

Statement of Financial Position as at 31 March 2023

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 the entity.

	Note	31 March 2023		31 March 2022	
		£'000	£'000	£'000	£'000
Non-current Assets					
Property, Plant and Equipment	6	6,321		7,047	
Intangible Assets	7	7		24	
Total non-current assets			6,328		7,071
Current Assets					
Trade and other receivables	9	1,031		1,322	
Cash and cash equivalents	10	335		827	
Total current assets			1,366		2,149
Total Assets			7,694		9,220
Current liabilities					
Trade and other payables	11	(1,132)		(2,464)	
Provisions	12	–		–	
Total current liabilities			(1,132)		(2,464)
Total assets less current liabilities			6,562		6,756
Non-current liabilities					
Provisions	12	–		–	
Total non-current liabilities			–		–
Total assets less total liabilities			6,562		6,756
Taxpayers' equity and other reserves:					
General Fund			6,328		5,606
Revaluation Reserve			234		1,150
Total equity			6,562		6,756



Dorinnia Carville
Comptroller and Auditor General for Northern Ireland

30 June 2023

The notes on pages 101 to 116 form part of these accounts.

Statement of Cash Flows for the year ended 31 March 2023

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	2022-23 £'000	2021-22 £'000
Cash flows from operating activities			
Net operating expenditure		(9,724)	(7,696)
Adjustment for non-cash transactions	4	1,961	127
(Increase) / Decrease in trade and other receivables	9	291	(355)
Increase / (Decrease) in trade and other payables	11	(1,332)	1,340
less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure		1,242	(1,244)
Use of provisions	12	-	-
Net cash outflow from operating activities		(7,562)	(7,828)
Cash flows from investing activities			
Purchase of Property, Plant and Equipment	6,11	(2,628)	(2,358)
Purchase of intangible assets	7	-	(19)
Net cash outflow from investing activities		(2,628)	(2,377)
Cash flows from financing activities			
From the Consolidated Fund (Supply) – current year		9,600	10,500
From the Consolidated Fund (non-Supply)	4	211	160
Net financing		9,811	10,660
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		(379)	455
Payments of amounts due to the Consolidated Fund		(113)	-
Net increase / (decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		(492)	455
Cash and cash equivalents at the beginning of the period	10	827	372
Cash and cash equivalents at the end of the period	10	335	827

The notes on pages 101 to 116 form part of these accounts.

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2023

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) and the 'revaluation reserve'. 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. The Revaluation Reserve reflects the change in asset values that have not been recognised as income or expenditure.

	Note	General Fund £'000	Revaluation Reserve £'000	Taxpayers' Equity £'000
Balance at 31 March 2021		3,051	1,150	4,201
Net Assembly Funding - drawn down		10,500	-	10,500
Net Assembly Funding - deemed		372	-	372
Consolidated Fund Standing Services non-supply	4	160	-	160
Consolidated Fund Standing Services adjustment	4,9	54	-	54
Supply payable adjustment	11	(827)	-	(827)
CFERs payable to the Consolidated Fund	11	(113)	-	(113)
Comprehensive Net Expenditure for the year		(7,696)	105	(7,591)
Other reserves movements including transfers		105	(105)	-
Balance at 31 March 2022		5,606	1,150	6,756
Net Assembly Funding - drawn down		9,600	-	9,600
Net Assembly Funding - deemed		827	-	827
Consolidated Fund Standing Services	4	211	-	211
Supply payable adjustment	11	(335)	-	(335)
Comprehensive Net Expenditure for the year		(9,724)	(773)	(10,497)
Other reserves movements including transfers		143	(143)	-
Balance at 31 March 2023		6,328	234	6,562

The notes on pages 101 to 116 form part of these accounts.

Notes to the Resource Accounts

1. Statement of Accounting Policies

Article 6 of the Audit (Northern Ireland) Order 1987, as amended by the Government Resources and Accounts Act (Northern Ireland) 2001, requires the NIAO to prepare resource accounts.

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

The particular policies adopted by the NIAO are described below. Where the FReM permits a choice of accounting policy, the accounting policy most appropriate to give a true and fair view of the particular circumstances of the NIAO has been selected. They have been applied consistently in dealing with items that are considered material to the financial statements.

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 Basis of preparation

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment and intangible assets. Figures are presented in pounds sterling and are rounded to the nearest £1,000. Transactions in foreign currencies are translated into sterling at the exchange rate at the date of the transaction.

1.2 Property, plant and equipment

Land and buildings have been included on the basis of professional valuations performed by Land & Property Services (LPS). The valuation provided by LPS as at 31 March 2023 is open market value in existing use for the land and buildings held for use by the NIAO, with the building valued on the basis of fitted out accommodation rather than solely as the shell of the building. The element of the building to be rented out is treated as an Investment Asset and has been valued on the basis of fair value which equates to market value.

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 £1,000. All non-property operational assets are stated at fair value on the basis of their existing use.

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 £1,000. 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:

Information Technology	3 to 7 years
Furniture	5 to 20 years

The building is depreciated over a 30 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 audit 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 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.

1.7 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.

1.8 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.

1.9 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.

1.10 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.

1.11 Value Added Tax (VAT)

The NIAO does not charge VAT for any work it carries out under statute. The NIAO can recover VAT at a partial exemption rate. For 2022-23 this was at a rate of 4 per cent (2021-22: 5 per cent), based on the percentage of business income over total income. Income and expenditure in the account is stated exclusive of irrecoverable VAT.

1.12 Staff costs

Staff costs include wages and salaries, social security costs and pension 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.

1.13 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 17 (Insurance Contracts) was issued in May 2017, replacing IFRS 4 (Insurance Contracts) but will not be effective in the public sector until April 2025. It requires that insurance liabilities be measured at the present value of future insurance cash flows, resulting in more uniform measurements and presentation for all insurance contracts.

Management has assessed the likely effect of the new standard and has concluded that there are no material assets or liabilities recognised as insurance contracts in the NIAO, and therefore this standard will have no impact on NIAO's financial statements.

1.14 Accounting estimates and judgements

Contract assets (WIP) – management estimate

In order to calculate the income to be recognised in respect of audit services, the NIAO estimates the stage of completion of each audit so that income can be recognised progressively as services are provided. The stage of completion is determined with reference to the proportion of total budgeted costs which have been incurred at the reporting date. This percentage completion rate is then applied to the audit fees to allocate income to the reporting period, less any provision required for unrecoverable amounts.

Further information is provided in Note 5 to the financial statements.

1.15 Review of Financial Process

Review of Financial Process (RoFP) was initiated to simplify financial reporting to better align Budgets, Estimates and Accounts. The legislation necessary for RoFP (The Financial Reporting (Departments and Public Bodies) Act (Northern Ireland) 2022) received Royal Assent in March 2022. The NIAO is applying this accounting policy change for the first time for the financial year ended 31 March 2023 and, in accordance with IAS 1 as adapted by the FReM, has restated prior year comparatives to ensure comparability and consistency of financial information against the current reporting period. The most significant changes to the Annual Report and Accounts as a result of RoFP are as follows:

- The primary statements (including the SoAS) and the Notes to the Accounts (including Net Outturn, Reconciliation of outturn to net operating expenditure and Reconciliation of Net Cash Requirement) have been revised to incorporate the alignment requirements; and
- The Assembly control totals have been revised to reflect the alignment of the Estimates and Budgeting boundaries.

2. Statement of Operating Costs by Operating Segment

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

	2022-23			2021-22		
	Gross Expenditure £'000	Income £'000	Net Expenditure £'000	Gross Expenditure £'000	Income £'000	Net Expenditure £'000
Financial Audit	9,474	2,775	6,699	7,556	2,676	4,880
Public Reporting	2,287	150	2,137	1,905	151	1,754
Governance and Fraud Prevention and Detection	650	-	650	535	-	535
Support to the NI Assembly, other public bodies and citizens	225	-	225	279	16	263
SBRI/GovTech Funding	-	-	-	250	-	250
Comptroller Function	13	-	13	14	-	14
Total	12,649	2,925	9,724	10,539	2,843	7,696

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 Officer's 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 NIAO 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 2021-22 and 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

	2022-23 £'000	2021-22 £'000
Wages and Salaries	5,253	5,009
Social Security Costs	599	539
Other Pension Costs	1,659	1,587
Total net costs	7,511	7,135

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	2022-23		2021-22	
		£'000	£'000	£'000	£'000
Contracted Out Audits		1,418		1,565	
IT Support Services		414		395	
Accommodation		321		212	
Recruitment and training		219		192	
Consolidated Fund Standing Services (C&AG's salary)		211		214	
National Fraud Initiative Charge		133		-	
Professional Services Bought In		109		102	
Other Indirect Costs		107		84	
Rentals under building operating lease		83		117	
Office Supplies/Equipment		64		27	
Legal Fees		29		72	
Travel and Subsistence		22		7	
SBRI Initiative		-		250	
Internal Auditor's Fees		20		13	
External Auditor's Fees - Audit		21		20	
External Auditor's Fees - Other		-		6	
Hospitality		6		1	
			3,177		3,277
Non- cash items					
Depreciation	6,7	192		127	
Impairment of non-current assets		1,760		-	
Reclassification of non-current assets	6	9		-	
			1,961		127
Total			5,138		3,404

During the year the Office procured the following non-audit services through open competition from its auditor, Baker Tilly Mooney Moore:

Leadership training, £20,500 (2021-22: £6,000 for validation of impacts).

5. Operating Income

	2022-23 £'000	2021-22 £'000
Income from NAO	431	469
Other Audit Fees	2,349	2,358
NFI Receipts	145	-
Other Income	-	16
Total	2,925	2,843

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
Statutory Audit	<p>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.</p> <p>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 where 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.</p>	Issue a certificate and report of the C&AG to the Northern Ireland Assembly.
Agreement Audit	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.
Companies Act Audit	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.
National Audit Office sub contract services	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. Typically the NIAO invoices audits with fees over £50,000 in two instalments and all other audits are invoiced when the audit is complete.

The NIAO's 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 the NIAO performs its work.

6. Property, Plant and Equipment

2022-23

	Land £'000	Buildings £'000	Information Technology £'000	Furniture and Fittings £'000	Assets Under Construction £'000	Total £'000
Cost or Valuation						
At 1 April 2022	350	3,150	9	33	3,523	7,065
Additions	-	-	62	24	1,904	1,990
Reclassifications	-	5,110	-	308	(5,427)	(9)
Disposals	-	-	(1)	(10)	-	(11)
Impairment	-	(1,760)	-	-	-	(1,760)
Revaluations	50	(1,000)	2	32	-	(916)
At 31 March 2023	400	5,500	72	387	-	6,359
Depreciation						
At 1 April 2022	-	-	9	8	-	17
Charged in year	-	144	9	22	-	175
Disposals	-	-	(1)	(10)	-	(11)
Revaluations	-	(144)	-	1	-	(143)
At 31 March 2023	-	-	17	21	-	38
Carrying amount at 31 March 2022	350	3,150	-	24	3,523	7,047
Carrying amount at 31 March 2023	400	5,500	55	366	-	6,321

All assets at 31 March 2023 are owned by the NIAO.

Buildings include £1 million of non-operational assets which are treated as Investment Assets as they are available for rent.

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, Belfast.

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

6. Property, Plant and Equipment cont'd.

2021-22

	Land £'000	Buildings £'000	Information Technology £'000	Furniture and Fittings £'000	Assets Under Construction £'000	Total £'000
Cost or Valuation						
At 1 April 2021	350	3,150	9	20	447	3,976
Additions	-	-	-	12	3,076	3,088
Disposals	-	-	-	-	-	-
Revaluations	-	-	-	-	-	-
At 31 March 2022	350	3,150	9	32	3,523	7,064
Depreciation						
At 1 April 2021	-	-	8	5	-	13
Charged in year	-	105	1	3	-	109
Disposals	-	-	-	-	-	-
Revaluations	-	(105)	-	-	-	(105)
At 31 March 2022	-	-	9	8	-	17
Carrying amount at 31 March 2021	350	3,150	1	15	447	3,963
Carrying amount at 31 March 2022	350	3,150	-	24	3,523	7,047

All assets at 31 March 2022 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, Belfast.

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

7. Intangible Assets

2022-23

	Software Licences £'000
Cost or valuation	
At 1 April 2022	70
Additions	-
Disposals	(49)
Revaluations	-
At 31 March 2023	21
Depreciation	
At 1 April 2022	46
Charged in year	17
Disposals	(49)
Revaluations	-
At 31 March 2023	14
Carrying amount at 31 March 2022	24
Carrying amount at 31 March 2023	7

All assets at 31 March 2023 were 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.

2021-22

	Software Licences £'000
Cost or valuation	
At 1 April 2021	51
Additions	19
Disposals	-
Revaluations	-
At 31 March 2022	70
Depreciation	
At 1 April 2021	28
Charged in year	18
Disposals	-
Revaluations	-
At 31 March 2022	46
Carrying amount at 31 March 2021	23
Carrying amount at 31 March 2022	24

All assets at 31 March 2022 are 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

	2022-23 £'000	2021-22 £'000
Amounts receivable within one year		
Trade receivables	184	433
Work in progress	721	736
Consolidated Funding Services non-supply	-	54
Prepayments	126	99
Total	1,031	1,322

There are no amounts receivable after more than one year.

10. Cash and cash equivalents

	2022-23 £'000	2021-22 £'000
Balance at 1 April	827	372
Net change in cash and cash equivalent balances	(492)	455
Balance 31 March*	335	827

*The above balance is held at a commercial bank.

11. Trade and other payables

	2022-23 £'000	2021-22 £'000
Amounts falling due within one year		
VAT	83	85
Trade payables	33	11
Consolidated Funding Services non-supply	-	54
Accruals	337	407
Employee benefits accrual	240	231
Payments on account	6	-
Total excluding amounts due to the Consolidated Fund	699	788
Amounts issued from the Consolidated Fund for supply but not spent at year end	335	827
Consolidated Fund extra receipts due to be paid to the Consolidated Fund:		
Received	-	-
Receivable	-	113
Sub Total	1,034	1,728
Other payables: capital creditor	98	736
Total	1,132	2,464

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.

Public Sector Pensions - Injury to Feelings Claims

The Department of Finance (DoF) is a named Respondent in a class action affecting employers across the public sector and is managing claims on behalf of the Northern Ireland Civil Service (NICS) departments. This action is linked to the McCloud Judgment. This is an extremely complex case and

may have significant implications for the NICS and wider public sector. However the cases are at a very early stage of proceedings and until there is further clarity on potential scope and impact, a reliable estimate of liability cannot be provided.

14. Capital and other commitments

14.1 Capital Commitments

	2022-23 £'000	2021-22 £'000
Contracted capital commitments at 31 March not otherwise included in these financial statements		
Property, Plant and Equipment*	45	1,147
Total	45	1,147

*Commitments under a construction contract for the refurbishment of NIAO premises on University Street. See page 52 for further detail.

14.2 Commitments under leases

There were no obligations under operating leases.

14.3 Other Financial Commitments

The Office has no other financial commitments as at 31 March 2023.

15. Related Party Transactions

None of the NIAO Audit and Risk Assurance Committee, Advisory Board, Senior Leadership 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 30 June 2023.

Looking back at 2022-23

A few of the NIAO's highlights from the last business year...



June 2022 - Incoming Comptroller and Auditor General Dorinnia Carville with predecessors Kieran Donnelly and John at Parliament Buildings, Stormont.



August 2022 - Celebrating the exams success of our Trainee Accountants and Higher Level Apprentices.



September 2023 - The official re-opening of our refurbished University Street office.



December 2023 - Supporting the Cash for Kids #MissionChristmas appeal.



March 2023 - Launching the NIAO Planning Fraud Risks guide at the 2023 NI Leadership & Governance Conference.



March 2023 - NIAO staff pictured at our 2023 Office Conference.

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