

AUDIT COMMITTEE

END OF SESSION REPORT

This is the end of session report of the Audit Committee of the Northern Ireland Assembly from 1st September 2013 to 31st August 2014.

Remit:

The Audit Committee is a Standing Committee of the Northern Ireland Assembly established in accordance with paragraph 10 of Strand One of the Belfast Agreement and under Assembly Standing Order No. 58. The Committee has 5 members including a Chairperson and Deputy Chairperson and a quorum of 2.

Powers:

The Committee has the power to:

- exercise the functions mentioned in Section 66(1) of the Northern Ireland Act 1998. The Committee therefore agrees, in place of the Department of Finance and Personnel, the annual estimate of the use of resources of the Northern Ireland Audit Office (NIAO) and lays them before the Assembly; and
- table a motion in respect of the salary of the Comptroller and Auditor General Northern Ireland (C&AG).

The Chairperson of the Audit Committee also has a lead role in the recruitment of the C&AG (NI).

The Committee is appointed at the start of every Assembly mandate and has the power to send for persons, papers and records that are relevant to its enquiries.

Membership:

The membership of the Committee is as follows:

Mr Danny Kinahan (Chairperson)
Mr David Hilditch (Deputy Chairperson)
Mr Dominic Bradley¹
Ms Michaela Boyle²
Ms Anna Lo

¹with effect from 23rd April 2012 Mr Dominic Bradley replaced Ms Margaret Ritchie

² with effect from 1^{7th} September 2012 Ms Michaela Boyle replaced Mr Paul Maskey.

NIAO Corporate Plan

1. Following consultation with the Department of Finance and Personnel (DFP) and the Public Accounts Committee (PAC), the Committee scrutinised and approved the draft NIAO Corporate Plan 2014-2015 to 2016-17. That Corporate Plan is available at http://www.niauditoffice.gov.uk/index/corporate-documents/corporatedocuments_corporate-plan.htm .

NIAO Annual Report and Accounts 2013-2014

2. Having considered submissions from the independent external auditors and having examined the NIAO Annual Report and Accounts 2013/14, the Committee was content with this report which is available at http://www.niauditoffice.gov.uk/index/corporate-documents/corporatedocuments_annual-report-and-accounts.htm . The Committee had also scrutinised and monitored the NIAO's expenditure at each of the monitoring rounds.

NIAO Estimate for 2014-15

3. The Committee agreed the estimate for the NIAO's use of resources for 2014-2015 and laid the estimate before the Assembly. It did so having first consulted with DFP and PAC. A Committee report on the estimate was published and is available at <http://www.niassembly.gov.uk/assembly-business/committees/2011-2016/audit/reports-2011-2016/report-on-the-estimate-of-the-northern-ireland-audit-office-2014-15/>. The agreed estimate represented decrease in the net resource requirement of 1.5% in cash terms from the NIAO's estimate for 2013-14 (£8.2 million compared to £8.327 million).

Appointment of the External Auditor for the NIAO

4. The five year contract with Baker Tilly Mooney Moore (BTMM), as the external auditor to the NIAO, expired on the completion of the 2012-13 audit of the NIAO. In June 2013 the Committee held an evidence session with the Treasury Officer of Accounts, DFP, to discuss the procurement process for a new external auditor. The Committee agreed that it wished to be involved in the appointment process in conjunction with DFP. At its meeting in October 2013 the Committee agreed the draft terms of reference and evaluation schedule for the appointment of the external auditor.

Following the completion of a publicly advertised tender competition, the Committee at its meeting in January 2014 endorsed the appointment of BTMM as the external auditor of the NIAO for an initial three year period (to cover 2013/14 to 2015/16).

Comptroller and Auditor General's Salary

5. The salary of the C&AG had been frozen since April 2009. The Committee agreed at its meeting in March 2014 to table a motion recommending that the C&AG's salary should

increase by 0.95% to bring it into line with the recommendation of the SSRB Review of Judicial Salaries for judicial salary level 5. The Assembly approved this motion.

Governance Arrangements

6. The Committee examined the governance arrangements in place at other legislatures in the UK and Ireland in relation audit bodies. The Chairperson attended a meeting of the Public Accounts Commission and discussed with its Chairperson and a number of members the governance arrangements in relation to the National Audit Office.

The Committee agreed at its meeting in December 2013 that there should be a Memorandum of Understanding with the C&AG on corporate governance arrangements, transparency and accountability at the NIAO. Subsequently at its meeting in March 2014 the Committee agreed and published a Memorandum which is available at <http://www.niassembly.gov.uk/assembly-business/committees/2011-2016/audit/memorandum-of-understanding-on-the-governance-and-accountability-arrangements-of-the-northern-ireland-audit-office/>. The Memorandum builds on the existing governance and transparency arrangements in the NIAO, recognising that while the Comptroller & Auditor General and the NIAO are independent of government they should maintain systems of governance and internal controls consistent with best practice. It also underlines that where appropriate they should be accountable and subject to Assembly oversight.

Committee Review Group

7. In December 2013 the committee considered recommendations 31 and 32 of the report of the Committee Review Group, namely –

Recommendation 31 is that a single committee be established to undertake the duties of the Audit Committee and to scrutinise the budget of the Assembly and the Public Service Ombudsman.

Recommendation 32 notes that although some additional secretariat resource may be required within the current Audit Committee team, this should be managed within existing secretariat resources.

The Committee agreed to respond formally to the Committee Review Group endorsing the recommendations.

Re-appointment of non-executives to the NIAO Audit Committee

8. At its meeting in March 2014 the Committee agreed to endorse the C&AG's proposal to appoint a new non-executive member to the NIAO Audit Committee and the C&AG's Advisory Group. Members also agreed that the Chairperson should act as the Committee's representative on the appointment panel.

Meetings

Meetings

9. The Committee met four times during this session. All meetings were held in part closed session.

Expenditure

10. Details of the Committee's expenditure are shown in **Annex A**.

ANNEX A

Audit Committee
Expenditure for the period 1st September 2013 to 31st August 2014

| Budget area | Details | Expenditure |
|---|--|--------------------|
| Printing of committee reports | Report on the Estimate of the Northern Ireland Audit Office 2013-14 | £619.00 |
| General Committee expenses | Meeting refreshments | £43.17 |
| Committee Travel – Committee Members and staff travel and subsistence | Visit to Westminster by the Chairperson and Clerk to meet with the Chair of the Public Accounts Committee and to attend a public session of the meeting of the Public Accounts Commission on 5 th November 2013 | £403.69 |
| Total | | £1065.86 |