



Northern Ireland
Assembly

Audit Committee

**Report on the Draft Budgets 2022-25, for the
Northern Ireland Assembly Commission,
Northern Ireland Audit Office and Northern
Ireland Public Services Ombudsman**

Together with budget-setting protocols, briefing papers, other evidence considered by the Committee, Minutes of Proceedings and Minutes of Evidence

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Report: NIA 144/17-22 Audit Committee

Contents

Report on the Draft Budgets 2022-25, for the Northern Ireland Assembly Commission, Northern Ireland Audit Office and Northern Ireland Public Services Ombudsman 1

Powers and Membership..... 3

 Committee Powers..... 3

 Membership..... 4

 List of abbreviations 5

Introduction..... 6

Northern Ireland Assembly Commission 7

Northern Ireland Audit Office..... 12

Northern Ireland Public Services Ombudsman 16

Conclusions and Recommendations..... 20

List of Appendices..... 22

 Appendix 1: Budget setting processes – the NIAC, NIAO and NIPSO

 Appendix 2: Written submissions – the NIAC, NIAO and NIPSO

 Appendix 3: Minutes of Proceedings relating to the Report

 Appendix 4: Minutes of Evidence relating to the Report

 Appendix 5: Other Evidence considered by the Committee

Powers and Membership

Committee Powers

The Audit Committee is a Standing Committee of the Northern Ireland Assembly established in accordance with Section 66 of the Northern Ireland Act 1998 and Assembly Standing Order 58. The Committee has 5 members including a Chairperson and Deputy Chairperson and a quorum of 2.

The Committee:

- Exercises the functions mentioned in Section 66(1) of the Northern Ireland Act 1998. The Committee therefore agrees, in place of the Department of Finance (DoF), the estimates of the Northern Ireland Audit Office (NIAO) and lays them before the Assembly;
- Is responsible for tabling a motion for a resolution of the Assembly relating to the salary payable under Article 4(1) of the Audit (Northern Ireland) Order 1987 to the holder of the office of the Comptroller and Auditor General;
- Exercises the functions mentioned in sub-paragraphs 18 (2) and (4) of Schedule 1 to the Public Services Ombudsman Act (Northern Ireland) 2016 in respect of the Northern Ireland Public Services Ombudsman (NIPSO); and
- May exercise the power in Section 44 (1) of the Northern Ireland Act 1998.

The Chairperson of the Audit Committee also has a lead role in the recruitment of the Comptroller and Auditor General.

In 2016, the Northern Ireland Assembly Commission (NIAC) and DoF sought to reflect the constitutional independence of the Assembly from the Executive.

This led to the development of a proposed methodology/protocol for setting the Commission's budget. The methodology sets out an approach that is akin to the approach adopted for the NIAO and the NIPSO, whereby the Audit Committee provides scrutiny and challenge to the Commission's expenditure plans and reports accordingly, in recognition of the independence of the Commission. The Committee fulfils this role in place of DoF.

Membership

The membership of the Committee is as follows:

- Mr Daniel McCrossan (Chairperson)
- Mr William Irwin (Deputy Chairperson)^{1 4}
- Mr Jim Allister²
- Mr Alan Chambers
- Ms Emma Rogan³

¹ Mr Andrew Muir left the Committee on 16 April 2020. Ms Joanne Bunting replaced Mr Muir as Deputy Chairperson

² Mr Jim Allister was appointed a member of the Committee from 16 June 2020

³ From 5 October 2020 Emma Rogan MLA replaced Emma Sheerin MLA as a member of the Committee

⁴ From 14 June 2020 William Irwin MLA replaced Joanne Bunting MLA as Deputy Chairperson of the Committee

List of abbreviations and acronyms used in the report

Committee:	Audit Committee
DoF:	Department of Finance
IFRP:	Independent Financial Review Panel
MLAs:	Members of the Legislative Assembly
NIAC:	Northern Ireland Assembly Commission
NIAO:	Northern Ireland Audit Office
NIPSO:	Northern Ireland Public Services Ombudsman
NMPB:	Non-Ministerial Public Body
PAC:	Public Accounts Committee

Introduction

1. At its meeting on 3 November 2021, the Committee began its scrutiny of the draft Budgets 2022-25, as presented by the Northern Ireland Assembly Commission (NIAC), the Northern Ireland Audit Office (NIAO) and the Northern Ireland Public Services Ombudsman (NIPSO).
2. In undertaking this work, the Committee noted that it fulfils this role in place of the Department of Finance (DoF) in recognition of the independence of the three non-Ministerial public bodies (NMPBs). In that regard, the Committee agreed that it would follow the protocols/methodologies (**Appendix 1**) used by the previous Audit Committee in relation to agreeing the annual budgets and estimates for the three NMPBs.
3. Prior to the meeting on 3 November 2021, the Committee received written submissions from the NIAC, NIAO and NIPSO on their draft budget plans for the period 2022 -25 (**Appendix 2**). The Committee received initial oral briefings from all 3 NMPBs on their draft budget plans at the meeting on 3 November 2021 (**Appendices 3 and 4**). During that meeting, the Committee also considered further information/clarification it had requested from the NIAC, NIAO and NIPSO in relation to their respective Annual Report and Accounts 2020-21 (**Appendix 5**).
4. Further oral evidence sessions took place with the NIAC, NIAO and NIPSO at the Committee meeting on 24 November 2021. (**Appendices 3 and 4**). During that meeting, the Committee considered correspondence from the Public Accounts Committee (PAC) and DoF, together with a response providing further information/clarification requested from the NIAC (**Appendix 5**).
5. On 30 November 2021, the Committee agreed its report on the draft Budget 2022-25, positions for the NIAC, NIAO and NIPSO. The Committee agreed to lay a copy of its report in the Assembly Business Office and send a copy of the report to the DoF.

Northern Ireland Assembly Commission

6. In undertaking its consideration of the NIAC draft Budget plans for the period 2022-25, the Committee noted the statutory functions of the Assembly Commission, in particular the legal requirement to meet all costs associated with Members by way of salaries, allowances, expenses, members' staffing costs, pension contributions etc. The Committee is mindful that these costs are determined by the Independent Financial Review Panel (IFRP) and that the current arrangements for payments to Members are set out in the Assembly Members' (Salaries and Expenses) Determination (Northern Ireland) 2016. The Committee, therefore, recognises that these costs cannot be withheld or altered either upwards or downwards by the Commission and as such, the costs are not under the control of the Commission.
7. At the outset, the Committee noted that the Assembly Commission has agreed that an amending Determination in respect of Members' allowances will not be published until legislation to alter the functions and remit of the IFRP is introduced in the Assembly in the next mandate, however budget provision has been made for possible changes that are likely to come about in the next mandate.
8. The Committee also noted that the NIAC's draft budget for the three-year period and in particular for 2022-23, reflects the costs that are likely to be incurred at the start of the new Assembly mandate and is based on an assumption of a "near to normal" operating environment, with public engagement and committee stakeholder visits and events taking place.
9. In relation to its capital budget, the Committee was advised that a number of projects were carried forward from 2021-22: replacement of the existing Security Management System; investment in broadcasting infrastructure; and installation of a partial Electronic Access Control system. Progress was slower than expected due to a range of factors such as problems in securing the services of external specialists in Parliament Buildings. The projects will now be completed in 2022-23 and the majority of the capital expenditure will be incurred in 2022-

23. The Committee noted that any surplus capital funds were not retained in 2021-22, but were returned via early monitoring rounds to enable their re-allocation across the NI Block.
10. In the next three financial years, it is anticipated that a number of planned capital projects will be delivered with a total cost of £3897k in 2022-23, £3160k in 2023-24 and £1.005k in 2024-25. The Committee would wish to see tight controls over their timetables to minimise the potential for slippage.
11. In relation to entitlements for an Official Opposition at the Assembly, the Committee noted that an amount of £100k per annum is included to provide additional payments to a party that enters Opposition following the next Assembly election. This figure is calculated on a party of 10 MLAs entering Opposition in 2022-23. However, the amount will be adjusted proportionately according to size.
12. During its oral evidence sessions with NIAC officials on 3 November 2021 and 24 November 2021, the Committee explored a range of issues including: Members' salaries; arrangements for the Speaker's salary and relevant legislation; Members' travel expenses, including over-night accommodation costs; resource and capital costs associated with translation provisions; the position in relation to the roof project for Parliament Buildings; the level of catering subsidy; the controls over timetables for capital projects to help minimise slippage; the reasons for slippage in capital projects already budgeted for in 2021-22; the extent to which efficiencies are and can be delivered; management of the Stormont Estate; and, access to Parliament Buildings for Members.
13. While appreciating that the NIAC's budget proposal does not attempt to predict how a future IFRP or Remuneration Board might deal with Members' salaries, the Committee noted the disparity in salaries currently payable to elected representatives in comparable legislatures (i.e. legislatures with multi-member constituencies). In Scotland, the basic salary for an MSP is £64,470; in Wales, the basic salary for an MS is £67,649; and, in the Republic of Ireland, the basic salary for a TD is €100,191.

14. It was noted that, under the salary arrangements that were determined by the IFRP, the Speaker's full salary is paid until there is a replacement Speaker, even if the Assembly is not meeting as was the case during 2017-20. Relevant to the discussion, the Committee noted that the Assembly Members (Remuneration Board) Bill⁴, which was introduced in December 2020, but will not be progressed by the Assembly Commission in this mandate, would amend the role and function of the IFRP.

15. Health and safety issues around Members travelling home at night following very late Assembly sittings and then back to Parliament Buildings early the next day were raised. The Committee was informed that the Members' travel allowance could be used for payment for accommodation following late-night sittings of the Assembly. However, it was noted that there had been no increase in the travel allowance since 2016. While recognising that any increase would be subject to a Determination of the Commission, the Committee supported the notional 3% year-on-year increase for travel costs included in the NIAC draft budget.

16. Members questioned NIAC officials on the costs associated with the provision of translation services that would allow any person to conduct their business before the Assembly or an Assembly Committee through Irish or Ulster Scots, and the provision of a simultaneous translation system. The Committee was advised that the cost for 6 interpreters, 3 each for Irish and Ulster Scots, would amount to £344k per annum. In relation to the capital costs, approximately £43k has been identified for the works including the upgrade of translator booths and works on the Press Gallery and the Public Gallery.

17. The Committee noted that the Commission would consider demand for the translation services and review after six months. It is not clear at this stage whether the demand will be reviewed before the recruitment of translators is progressed; any decisions around implementation rest with the Assembly Commission. However, the Committee was advised by officials that it was

⁴ [assembly-members-remuneration-board-bill---efm-as-introduced---full-print-version.pdf](https://niassembly.gov.uk/assembly-members-remuneration-board-bill---efm-as-introduced---full-print-version.pdf)
(niassembly.gov.uk)

prudent to include the estimated associated expenditure in the draft budget figures.

18. The Committee expressed concern about the costs associated with staffing to support the implementation of simultaneous interpretation of Assembly business in Irish and Ulster Scots (£1.032m for the budget period), and is unconvinced of the need for six interpreters.
19. During the 3 November 2021 evidence session, it was noted that the draft budget proposals did not include expenditure for the Parliament Buildings roof project. Officials informed the Committee that the matter is not yet resolved but is being progressed in consultation with legal advisers. Given the commercially sensitive and legal issues involved, the Committee agreed to consider the matter further in closed session at its meeting on 24 November 2021. However, in advance of that meeting, a response to the Committee's request for an update on the roof project was received from the NIAC. The Committee was advised that no further information beyond what was included in the written update could be provided at this time, whether in open or closed session. The Committee finds the refusal of this information unacceptable.
20. The NIAC budget-setting protocol requires that, in considering the Commission's draft budget, the Audit Committee should have due regard to the evidence provided by the DoF.
21. The Committee noted that the DoF, having examined the NIAC's draft budget, is content to incorporate it into the Executive's Draft Budget 2022-25 which is due to go out to consultation in early December 2021. The DoF has asked that the Committee considers the extent to which efficiencies can be delivered by the NIAC to offset the pressures it faces; the Committee will pursue this issue during the consultation period.
22. **The NIAC's draft budget plan detailed the following requirements:**

2022-23 - Resource budget of £50,757k and a Capital budget of £3897k
(The Resource DEL broken down as follows: **£47,614k** of Non Ring-Fenced DEL and **£3,143k** of Ring-fenced DEL)

2023-24 - Resource budget of £51,189k and a Capital budget of £3,160k

(The Resource DEL broken down as follows: **£47,593k** of Non Ring-Fenced DEL and **£3,596K** of Ring-fenced DEL)

2024-25 - Resource budget of £52,350k and a Capital budget of £1,005k

(The Resource DEL broken down as follows: **£48,402K** of Non Ring-Fenced DEL and **£3,948k** of Ring-fenced DEL).

23. **Following scrutiny of the NIAC's draft budget for the period 2022-25, and having regard to the advice of the DoF, the Audit Committee agreed that it was broadly content with the NIAC draft budget, with the exception of the costs associated with staffing to support the implementation of simultaneous interpretation of Assembly business in Irish and Ulster Scots (£344k per annum equating to £1.032m for the budget period).**
24. **The Audit Committee will write to the DoF asking that its position in relation to the NIAC's budget is reflected in the Executive's Draft Budget 2022-25 document.**
25. **The Audit Committee will also write to the NIAC outlining its concerns in relation to the costs associated with staffing to support the implementation of simultaneous interpretation of Assembly business in Irish and Ulster Scots, ahead of the NIAC tabling its budget motion in the Assembly.**

Northern Ireland Audit Office

26. In undertaking its consideration of the NIAO draft Budget plans for the period 2022-25, the Committee noted the important role and function of the NIAO in relation to financial audit, public reporting and reviewing the economy and the effectiveness and efficiency of government. Members are aware of the Audit Office's critical work in relation to governance and counter fraud as well as the key support it gives to the Northern Ireland Assembly and citizens of Northern Ireland.
27. The Committee noted that the proposed 2022-23 and 2023-24 resource budgets included an additional £100k and £165k for 2022-23 and 2023-24 respectively, for the new employer's national insurance rate increase, updated staff cost projections; and additional depreciation cover for the annual charge that will be required for the NIAO newly refurbished building and associated fixtures and fittings. In particular, it noted a £45k increase in the Comptroller and Auditor General (C&AG) salary costs based on the assumption that the new C&AG will be part of a public sector pension scheme (the current post-holder has opted out of the public sector pension scheme); and a £110k increase in forecast audit income based on more up to date estimates.
28. The Committee further noted that the 2024-25 resource budget included an overall net £475k increase (5.1%) in resource funding from the previous year, mainly relating to an anticipated end to £300k of income received from the National Audit Office for European Agricultural Fund work. The Committee was informed that the staffing resources currently required for the European Agricultural Fund work would be redirected to further supplement and increase the NIAO's review and scrutiny of increased public sector expenditure to provide assurances to the NI Assembly.
29. In relation to the NIAO's capital budget requirements, the Committee was reminded that, since 2018-19, the NIAO has incurred additional capital costs associated with the refurbishment of its premises at University Street, Belfast, and preparation to lease an area of the building which is not fully utilised at present, generating additional annual income (forecast to be £145k from 2023-

- 24). Members noted that costs incurred on the project up to 31 March 2021 were £447k. The overall cost of the project is forecast to be £5.6m.
30. NIAO officials informed the Committee that there is a possibility that work on the project, which is on track for completion by July 2022, and within the capital budget previously agreed by the Audit Committee, may progress quicker than planned. As a result, £920k anticipated spend in April/May 2022 may be incurred before 31 March 2021; therefore, the anticipated £920k is required to be included in both budgets for 2021-22 and 2022-23.
31. The Committee questioned NIAO officials on a number of key issues including: staffing and recruitment activity; increasing the talent pool within the NIAO; the level of contracted-out audits and value for money; funding required for the work of the local government auditor; inconsistent charging regimes across non-departmental public bodies for audits carried out; the extent to which efficiencies are delivered; and, the impact of Covid and how associated pressures have been managed through efficiencies.
32. NIAO officials outlined that nearly 85% of the budget is committed to staff costs and the expenditure associated with contractual arrangements with private sector partners in the delivery of audits.
33. NIAO officials were questioned on the costs incurred in respect of contracted-out costs, which involves sub-contracting out audits during work peaks. Members were advised that despite the actual and anticipated increase in staffing numbers, the level of contracting-out and associated expenditure (14%) has not been reduced and will not be reduced during the period under consideration.
34. Members noted that costs will contractually increase by 2% in 2022-23 to £1.6 million. However, there is some uncertainty around future projections as a procurement process is ongoing in relation to 15 audits following the withdrawal of one of the contractors.
35. Officials clarified that the spend on contracting-out costs for 2021-22, is currently estimated at 15.4% of total operating expenditure because of the shortfall in staffing levels. However, when the optimum staffing level is reached (125 full-

time equivalents), contracted-out audits will represent 14% of the total operating expenditure.

36. In noting the current level of spend on contracting-out audits, and the projection that it will reduce to 14% when the Audit Office is fully staffed, the Committee would encourage the Audit Office to keep this cost under review and ensure that value for money is provided in return.
37. While recognising that the Audit (Northern Ireland) Order 1997⁵ provides for the circumstances in which the C&AG may charge a fee for auditing the accounts of any person or body, the Committee would encourage the NIAO to begin discussions around addressing the inconsistency that exists whereby some non-departmental public bodies are charged for audits and others are not.
38. The Committee welcomed that the NIAO continues to invest in the digitalisation of its audits alongside the learning and development of its staff, including enhanced capability and capacity in its value for money auditing and public reporting.
39. The Committee encourages the NIAO to ensure that its work takes account of the cross-cutting nature of government priorities, as well as the performance of individual departments and that its programme of work addresses the issues and challenges from increased expenditure arising from the COVID-19 pandemic.
40. The Committee is of the view that receiving the necessary funding will ensure the NIAO continues to invest in the delivery of a strong independent public audit function that provides effective support and assurance to the Assembly in scrutinising public sector performance across central and local government.
41. The NIAO budget-setting protocol requires that, in considering the Audit Office's draft budget, the Audit Committee should have regard to the evidence provided by the DoF and PAC.

⁵ <https://www.legislation.gov.uk/nisi/1987/460/article/7/made>

42. The Committee noted that the DoF, having examined the NIAO's draft budget, is content to incorporate it into the Executive's Draft Budget 2022-25 which is due to go out to consultation in early December 2021. The DoF has asked that the Committee considers the extent to which efficiencies can be delivered by the NIAO to offset the pressures it faces; the Committee will pursue this issue during the consultation period. The PAC noted the NIAO's budget plans for the period 2022-25.

43. Arising from its scrutiny of the NIAO's draft budget for the period 2022-25, and having regard to the advice of the DoF and PAC, the Audit Committee agreed that the Executive's draft Budget document should make the following provision for the NIAO:

2022 -23 - Resource budget of £9070k and a Capital budget of £2290k

(The Resource DEL broken down as follows: **£8795k** of Non Ring-Fenced DEL and **£275k** of Ring-fenced DEL)

2023-24 - Resource budget of £9235k and a Capital budget of £45k

(The Resource DEL broken down as follows: **£8960k** of Non Ring-Fenced DEL and **£275k** of Ring-fenced DEL)

2024-25 - Resource budget of £9710k and a Capital budget of £40k

(The Resource DEL broken down as follows: **£9435k** of Non Ring-Fenced DEL and **£275k** of Ring-fenced DEL).

Northern Ireland Public Services Ombudsman

44. In undertaking its consideration of the NIPSO draft Budget plans for the period 2022-25, the Committee noted the key role the NIPSO plays in promoting good governance and improving accountability in public administration, as well as providing remedy in individual cases. The Committee further noted the addition, since the last budget period, of the Complaint Standards Authority function contained within part 3 of the Public Services Ombudsman Act 2016⁶, which was commenced by the Assembly on 28 May 2021.
45. During the evidence sessions on 3 November and 24 November 2021, Members questioned officials on a number of key issues including: the focus on early resolution to bring about a remedy as a way to manage the increase in complaints; proposed staff related and non-staff related expenditure for the Complaints Standards Authority function; the flexibility of staff to work on both maladministration and own-initiative cases; the work of the Ombudsman in relation to the investigation and adjudication of complaints against councillors who may have failed to comply with their relevant Code of Conduct; the extent to which efficiencies can be delivered; and, the scope for income generation.
46. The Committee noted that the requested maladministration budget increase of £307k in 2022-23 over the 2021-22 budget includes: the appointment of two additional investigation officers for maladministration investigations, required as a result of the substantial increase in complaints; the appointment of an IT and Corporate Reporting Officer to enable full reporting from the new case handling system; and, the appointment of a Communications Assistant to support the Head of Communications and respond to the increasing level of activity and profile of NIPSO; the incorporation of a retrospective pay increase of 1% in

⁶ [Public Services Ombudsman Act \(Northern Ireland\) 2016 \(legislation.gov.uk\)](https://legislation.gov.uk)

2021-22; a further assumed 1% overall pay increase in respect of 2022-23; and the impact of the UK Government increase in Employers NI contributions.

47. The main activity of the NIPSO remains the assessment and investigation of complaints about the health, social care, housing, education, and local and central government sectors. Although there was a short-term reduction in the number of complaints during 2020-21 due to the Covid-19 pandemic, the trend in complaint numbers remains upwards since NIPSO's establishment in 2016, equating to a 94% increase over the five years to 2020-21. At the meeting on 24 November 2021, the NIPSO outlined the high level of cases currently being dealt with by investigating officers and highlighted the extreme pressure they are under.
48. The Committee noted the year-on-year increase in budget for maladministration work resulting in an increase of £413k for 2024-25 over the 2021-22 budget figure.
49. Based on the number of complaints received to date in 2021-22, the NIPSO anticipates a 23% increase in complaints compared to 2020-21 (almost 10% above 2019-20 which historically was the largest ever number of complaints received by NIPSO – and at that time a 37% increase on the then prior year).
50. The Committee recognised that up until now, the NIPSO has managed this increase primarily through efficiencies and adapting its approach, for example a focus on achieving a greater proportion of effective early resolution to bring about remedy for complainants as an alternative to a full and lengthier investigation. However, the NIPSO was clear that the appointment of two additional investigation officers for maladministration investigations was essential to ensure that rising complaint numbers could be managed and complaints could be dealt with effectively.
51. The Committee welcomed the NIPSO's focus over the last year on communication and public engagement and agreed with the NIPSO's assessment that it is vital that citizens are aware of NIPSO's work and

understand when they can come to the Ombudsman and the kind of outcomes that can be delivered.

52. Resulting from the publication of high profile reports, including the Personal Independence Payment Ombudsman's Investigation Report, and its Complaints Standards work, the last year has seen a considerable increase in the NIPSO's profile and communications workload. The Committee therefore supported the plans to appoint a communications assistant to support the communications officer already in post and it is hoped that this new post will increase further the understanding of the NIPSO's work.
53. The Committee also welcomed the new complaint handling system introduced by NIPSO in 2021, and recognises that to utilise the system to its maximum effect, an additional post is needed within the organisation to ensure that the relevant information can be extracted and analysed and used to assist engagement, improvement and impact.
54. Members noted that the £541k budget for the Local Government Ethical Standards work has remained constant since the inception of the ethical standards jurisdiction in 2014. Under a current agreement between NIPSO and the Department for Communities, additional funding of up to £244k in any given year can be called down in the event that it may be required to address variable items of expenditure, in particular legal costs on adjudications or High Court appeals. Members further noted that there has not yet been a requirement to call down that funding. However, if current trends are borne out, there might come a time when the NIPSO will need some of that additional resource.
55. The Committee was assured about how the NIPSO maintains quality standards, including agreed key performance indicators and performance monitoring and adherence to the Ombudsman Association Service Standards Framework. The Committee welcomed that the NIPSO is currently considering the development of peer review arrangements and is progressing an invitation to tender to appoint an independent service standards complaints reviewer. The Committee was of the view that these new mechanisms will provide further assurance of quality standards.

56. The Committee believes that it is important that the NIPSO operates on a secure financial footing so that it can maximise its impact and fully achieve its vision of making a positive difference to people and public services in Northern Ireland by independently investigating complaints, upholding standards and ensuring learning and accountability.

57. The NIPSO budget-setting protocol requires that, in considering the NIPSO draft budget, the Audit Committee should have regard to the evidence provided by the DoF. The Committee noted that the DoF, having examined the NIPSO's draft budget, is content to incorporate it into the Executive's Draft Budget 2022-25, which is due to go out to consultation in early December 2021. The DoF has asked that the Committee considers the extent to which efficiencies can be delivered by the NIPSO to offset the pressures it faces; the Committee will pursue this issue during the consultation period.

58. Arising from its scrutiny of the NIPSO's draft budget for the period 2022-25, and having regard to the advice of the DoF, the Audit Committee agreed that the Executive's draft Budget document should make the following provision for the NIPSO:

2022-23 - Resource budget of £4015k and a Capital budget of £70k

(The Resource DEL broken down as follows: **£3895k** of Non Ring-Fenced DEL and **£120k** of Ring-fenced DEL)

2023-24 - Resource budget of £4065k and a Capital budget of £60k

(The Resource DEL broken down as follows: **£3,943k** of Non Ring-Fenced DEL and **£122k** of Ring-fenced DEL)

2024-25 - Resource budget of £4,126k and a Capital budget of £60k

(The Resource DEL broken down as follows: **£4001k** of Non Ring-Fenced DEL and **£125k** of Ring-fenced DEL).

Conclusions and Recommendations

59. In recent years, budgets for Northern Ireland government departments and non-Ministerial bodies have typically been limited to a one-year basis. As a result of the multi-year budget for 2022-25, public bodies now have a degree of certainty and the Committee recognises that this will enable all three non-Ministerial bodies to adopt a more strategic budget focus.
60. Given that the spending plans of all three NMPBs would see their resource budgets rise over the 2022-25 budget period, the Committee recommends ongoing consideration of efficiencies that can be delivered by the NMPBs to offset pressures.
61. The Committee noted that the NIAO and NIAC pursue options to generate income. It further noted the limited opportunities for the NIPSO to generate income. The Committee will monitor progress in this regard given the ongoing budgetary pressures across the public sector. In particular, the Committee would encourage the NIAO to start discussions around addressing the inconsistency that exists whereby some non-departmental public bodies are charged for audits carried out and others are not.
62. In relation to the operation of the three bodies in COVID-19 times, the Committee is satisfied that they are making appropriate provision in this regard, including in relation to business continuity and risk management.
63. The Committee is mindful of the separate and important roles that all three NMPBs play in scrutinising, challenging and holding government departments and public bodies to account and in safeguarding the public purse. Given their unique remit and functions, they will have a pivotal role to play during the course of the 2022-25 budget period.
64. In conclusion and in light of the aforementioned deliberations, the Committee is of the view that the draft budgets presented in respect of the NIAO and the

NIPSO are appropriate and should be included in the Executive's draft Budget document for 2022-2025. In relation to the NIAC, the Committee agreed that it was broadly content with the NIAC draft budget, with the exception of the costs associated with staffing to support the implementation of simultaneous interpretation of Assembly business in Irish and Ulster Scots.

List of Appendices

Appendix 1: Budget setting processes – the NIAC, NIAO and NIPSO

Appendix 2: Written submissions – the NIAC, NIAO and NIPSO

Appendix 3: Minutes of Proceedings relating to the Report

Appendix 4: Minutes of Evidence relating to the Report

Appendix 5: Other Evidence considered by the Committee

Appendix 1:

Budget setting processes for the NIAC,
NIAO and NIPSO

NORTHERN IRELAND ASSEMBLY COMMISSION BUDGET SETTING PROCESS

Preparation of Draft Budget:

Context

The Assembly Commission (the "Commission") prepares a draft budget for the period of the Executive's Budget as notified by the Department of Finance (DoF). This budget is established in advance of the timetable established by DoF for Executive Departments;

Key Milestones

- a. As part of the development of the Commission's draft budget, the Commission actively obtains data and projections from the DoF relating to the wider outlook for the Northern Ireland Block for the entirety of the budget period;
- b. The Commission, taking account of the DoF projections, proposes its draft budget and presents it to the Audit Committee. At the same time, the Commission also provides the draft budget figures to the DoF;

Interaction with Audit Committee:

Context

Via an agreed mechanism (e.g. Standing Orders) and in keeping with the Executive budgetary timetable, the Audit Committee lays a report on the Commission's draft budget;

Key Milestones

- a. In advance of laying that report, the Commission attends an Audit Committee meeting(s) to give evidence on its draft budget;
- b. In advance of laying that report, the Audit Committee receives written evidence from DoF (cleared in advance by the Finance Minister) on the wider outlook for the Northern Ireland Block and the DoF view of the Commission's draft budget. In considering the Commission's draft budget, the Committee should have due regard to the evidence provided by the DoF.
- c. Evidence to the Committee from the DoF shall be included in the Committee's report to the Assembly;
- d. The Committee prepares and lays its report;

Finalisation of Budget:

Context

The Commission prepares its final budget, taking on board the recommendations of the Audit Committee and submits a motion to the Business Committee;

Key Milestones

- a. The Assembly as a whole debates the final budget in Plenary before voting on the motion (without amendment) that it be *"agreed and incorporated into the Executive's Budget and the subsequent Main Estimates."*
- b. The vote of the Assembly in respect of the Commission's budget is reflected, without amendment, in the budget prepared by the Executive;

In-Year Amendments to Budget:

Context

On an in-year basis, financial controls are established that are aligned to the

arrangements for setting the initial budget.

Key Milestones

a. The Commission prepares and submits its contribution to Monitoring Rounds and the Spring Supplementary Estimate. The submission of the Commission's contribution to Monitoring Rounds and the Spring Supplementary Estimate will be subject to agreed thresholds between the Commission and the Committee. If these thresholds are not exceeded, the Commission will not seek the Audit Committee's view on its in-year position.

Review:

This methodology will be reviewed within one year of its first use and at the conclusion of every Executive budget setting period.

NORTHERN IRELAND AUDIT OFFICE (NIAO) BUDGET SETTING PROCESS

Multi-year budgets¹

Stages:

- a. The Department of Finance (DoF) determines, subject to Executive agreement, a timetable for the agreement of a Budget and informs the NIAO and the Audit Committee. In doing so DoF has regard to the need to allow the Audit Committee to undertake its role as set out in this protocol.
- b. The NIAO prepares its draft multi-year budget in line with the determined timetable.
- c. The NIAO sends its draft multi-year budget to both DoF and the Public Accounts Committee (PAC) for consideration.
- d. The NIAO submits its draft multi-year budget to the Audit Committee.
- e. DoF and PAC submit their comments on the NIAO draft multi-year budget to the Audit Committee.
- f. The Audit Committee holds a meeting during which it considers the draft multi-year budget of the NIAO. The Comptroller and Auditor General (or one of his deputies) gives evidence to the Committee on the draft budget.
- g. When considering the draft multi-year budget of the NIAO, the Committee has regard to the advice of DoF and PAC.
- h. The Audit Committee agrees the draft multi-year budget with such modifications, if any, as may be agreed between it and the Comptroller and Auditor General.
- i. The Committee informs DoF of the outcome.
- j. In any draft Budget published for consultation either by it or on behalf of the Executive, DoF only includes, in relation to the multi-year budget of the NIAO, those figures agreed by the Audit Committee. Any draft Budget makes clear that the Executive is not responsible for either proposing or agreeing the expenditure of the NIAO.
- k. Following any consultation on a draft Budget, the Audit Committee considers any comments made in relation to the multi-year budget of the NIAO. After doing so the Audit Committee agrees the final figures for the multi-year budget of the NIAO of which it inform DoF.
- l. The final figures for the NIAO multi-year budget that DoF include in the Budget laid before the Assembly for agreement are the final figures agreed by the Audit Committee.

¹ The process set out in this protocol also applies in cases where there is an annual budget rather than a multi-year budget.

**NORTHERN IRELAND PUBLIC SERVICES OMBUDSMAN (NIPSO) BUDGET
SETTING PROCESS
Multi-year budgets²**

Stages:

- a. The Department of Finance (DoF) determines, subject to Executive agreement, a timetable for the agreement of a Budget and informs the NIPSO and the Audit Committee. In doing so DoF has regard to the need to allow the Audit Committee to undertake its role as set out in this protocol.
- b. The NIPSO prepares its draft multi-year budget in line with the determined timetable.
- c. The NIPSO submits its draft multi-year budget to the Audit Committee and to DoF.
- d. DoF submit its comments on the NIPSO draft multi-year budget to the Audit Committee, copied to NIPSO.
- e. The Audit Committee holds a meeting during which it considers the draft multi-year budget of the NIPSO. The Ombudsman (or her Deputy or Director of Finance) gives evidence to the Committee on the draft budget.
- f. When considering the draft multi-year budget of the NIPSO, the Committee has regard to the advice of DoF.
- g. The Audit Committee agrees the draft multi-year budget with such modifications, if any, as may be agreed between it and NIPSO.
- h. The Committee informs DoF of the outcome.
- i. In any draft Budget published for consultation either by it or on behalf of the Executive, DoF only includes, in relation to the multi-year budget of the NIPSO, those figures agreed by the Audit Committee with NIPSO. Any draft Budget makes clear that the Executive is not responsible for either proposing or agreeing the expenditure of the NIPSO.
- j. Following any consultation on a draft Budget, the Audit Committee and NIPSO considers any comments made in relation to the NIPSO multi-year budget. After doing so the Audit Committee agrees with NIPSO the final figures for the NIPSO multi-year budget of which it informs DoF.
- k. The final figures for the NIPSO multi-year budget that DoF include in the Budget laid before the Assembly for agreement are the final figures agreed by the Audit Committee.

² The process set out in this protocol also applies in cases where there is an annual budget rather than a multi-year budget.

Appendix 2:

Written Submissions from the NIAC,
NIAO and NIPSO on draft budget
plans for 2022-25

NORTHERN IRELAND ASSEMBLY COMMISSION BRIEFING TO ASSIST THE AUDIT COMMITTEE'S SCRUTINY OF THE ASSEMBLY COMMISSION'S BUDGET 2022-25

Legal and Constitutional Background

1. Section 40(4) of the Northern Ireland Act 1998 ("the 1998 Act") provides the legal basis for the work of the Assembly Commission. Section 40(4) of the 1998 Act states that *"The Commission shall provide the Assembly, or ensure that the Assembly is provided, with the property, staff and services required for the Assembly's purposes."*
2. Section 47 of the 1998 Act states that the Assembly shall pay to Members of the Legislative Assembly ('Members') such salaries, and may pay such allowances, as may from time to time be determined. The Assembly Commission administers the payment of these salaries and allowances.
3. The Assembly Commission's budget therefore includes the disbursement of Members' salaries, allowances and expenses, the necessary costs for the provision of Plenary and committee facilities in Parliament Buildings and elsewhere and the salary costs for the staffing resources used to provide all the services required by the Assembly.
4. Given the constitutional role of the Assembly as the legislature for Northern Ireland, the Assembly Commission does not develop Programme for Government targets. However, the Assembly Commission develops a Corporate Strategy and an accompanying Corporate Plan and Annual Plans to help to meet the statutory functions set out above under section 40(4) of the 1998 Act. The Assembly Commission monitors progress against those plans and reports on that progress through its Annual Report and Accounts. When developing its plans, the Assembly Commission is acutely aware of the need for prudent financial management.

Assembly Commission Funding

5. Although not a part of the Executive, the Assembly Commission is voted resources by the Assembly through the same Main Estimates and Supplementary Estimates processes that are used for all other entities funded from the Northern Ireland Block Grant.
6. The scrutiny of the Assembly Commission's budget by the Audit Committee and by the Assembly in Plenary recognises the constitutional independence of the Assembly from the Executive. The Assembly Commission's budget is incorporated into the budget that is presented by the Finance Minister to the Assembly but it is not devised using the same methodology as the budget for an Executive Department. However, the Assembly Commission is aware of wider macro-economic factors when developing its budget for each year.

Budget 2022-25

7. The Chancellor of the Exchequer announced the outcome of the UK-wide Spending Review on 27 October 2021. That Spending Review set the funding envelope for Resource DEL for a three-year period (2022-25). As with most other entities funded from the NI Block Grant, the Assembly Commission has prepared a three-year budget (2022-23 to 2024-25) for both Resource DEL and Capital DEL.
8. The Assembly Commission has developed a five-year Corporate Strategy for the period 2018-23 and an accompanying Corporate Plan. The impact of the prevailing public health environment is still apparent and a number of projects (typically Capital projects) continue to be adversely impacted by the COVID-19 pandemic. However, a full programme of activities and capital investment is planned over the budget 2022-25 period.
9. The budget for the three-year period from 2022-23 to 2024-25 and, in particular, for 2022-23 reflect the costs that are likely to be incurred at the start of the new Assembly mandate. For example, resettlement costs are only incurred following the dissolution of the Assembly and a subsequent Assembly election. Similarly, redundancy payments for former Members' support staff typically increase in the financial year of an Assembly election. The Capital costs also reflect the concertinaing of a number of projects that were deferred during the 3-year period when the Assembly was not conducting normal business and delays caused by COVID-19, along with the normal replacement of equipment on a cyclical basis.
10. The budget 2022-25 is based on an assumption of a "near to normal" operating environment, with public engagement and committee stakeholder visits and events taking place.
11. Table 1 at Annex A sets out the Assembly Commission's budget plans for 2022-23 to 2024-25 for Resource DEL expenditure. The most recent forecast for expenditure for 2021-22 is also included. Tables 2 to 4 at Annex B set out the Assembly Commission's plans for Capital DEL for each year of the budget period. In summary, the Assembly Commission's proposed budget for Resource DEL is **£50.757m** for 2022-23, **£51.189m** for 2023-24 and **£52.350m** for 2024-25. The total for Capital DEL is **£3.897m** for 2022-23, **£3.160m** for 2023-24 and **£1.005m** for 2024-25
12. As set out in previous briefings to the Audit Committee, the income that the Assembly Commission expects to receive and the expenditure that it expects to incur to enable it to deliver the statutory functions that are placed on the Assembly Commission by the 1998 Act, fall into six broad categories namely;
 - a. Income;
 - b. Expenditure on payments to and on behalf of Members;
 - c. Expenditure on salaries for Assembly Secretariat staff and on the administration costs associated with supporting the Assembly;

- d. Costs payable to political parties under the Financial Assistance for Political Parties Act (Northern Ireland) 2000;
- e. Depreciation and Impairment costs; and
- f. Capital costs.

Detailed Figures

Income

13. It is expected that the Assembly Commission will receive income of **£684k** in 2022-23, **£627k** in 2023-24 and **£610k** in 2024-25. The vast majority of the income for each of these years will arise from the recovery of the cost of Ministerial salaries from Government Departments. This comprises £602k of the overall total for each year. This recovery only includes the *additional* salary paid to each Minister over and above the salary that they receive as a Member.
14. The Assembly Commission enters into a small number of secondment arrangements for its staff with other public sector employers. The recovery of the salary costs of these seconded staff is treated as income. It is anticipated that £69k will be received for a staff secondment in 2022-23 and £17k for 2023-24.
15. The remaining £13k (which includes income from two weddings) for 2022-23, £8k for 2023-24 and £8k for 2024-25 is made up of miscellaneous income mainly from the Post Office facility in Parliament Buildings and commission from crafters for sales in the Speaker's Corner gift shop.

Expenditure Associated with Members

16. This category of costs is made up of a series of sub-categories including Members' Salaries, Members' Constituency Office Costs (including Members' support staff costs), Members' Travel Costs and Members' Other Costs (such as winding up allowance and resettlement allowance). The total cost that is required for 2022-23 is estimated at **£19.129m**. For 2023-24, the estimated figure is **£18.919m** and for 2024-25, the figure is **£19.212m**.
17. **Members' Salaries.** The calculation for Members' salaries is relatively simple as it covers the salary payable to all 90 Members plus the additional salaries paid to Ministers and to other Assembly officeholders such as the Speaker, Deputy Speakers, Committee Chairs and members of the Assembly Commission.
18. It should be noted that Members are not paid for the period between the date of the poll for the next Assembly election and the date that each Member signs the Roll. It is also the case that after dissolution, former officeholders such as Statutory Committee Chairpersons do not receive the element of their salary that was payable due to holding the position of Chairperson. However, for various other officeholders such as Ministers, the Speaker and Assembly Commission Members, the full salary remains in payment until a replacement

office holder is nominated or appointed. The impact of the 2020 Assembly elections will therefore result in a slight decrease in the cost of Members' salaries for 2022-23 to **£6.733m**.

19. The budget forecast for 2022-23 of **£6.733m** includes a salary uplift of £500 per Member with effect from 1 April 2022 as specified in the Determination issued by the Independent Financial Review Panel (IFRP) in March 2016. That Determination prescribed that Members' salaries would increase each year if the CPI measure of inflation for September in the previous year was 1% or greater. As CPI inflation was 3.1% for September 2021, the £500 increase in Members' salaries is provided for from 1 April 2022.
20. A similar £500 uplift has been assumed for 1 April 2023 and 1 April 2024 as most commentators indicate that the rate of CPI inflation is likely to be above 1% for the medium term. The figure for Members' salaries for 2023-24 is **£6.994m** and **£7.053m** for 2024-25.
21. The Audit Committee is asked to note that this budget proposal does not attempt to predict how a future IFRP or Remuneration Board might deal with Members' salaries. However, the salary for an MLA is now more than £13k less than the salary payable to an MSP in Scotland and more than £16k less than the salary payable to an MS in Wales.
22. The 2022-25 budget figures do not attempt to forecast what might happen with Members' salaries over the budget period and no additional budget provision has therefore been included, but there appears to be a reasonable likelihood that Members' salaries will increase over this period. If a future Remuneration Board increases the salary payable to Members, this will be notified to the Department of Finance to secure the necessary funding at the appropriate time.
23. **Members' Constituency Office Costs.** The forecast for this part of the budget for makes provision for the amounts that are available to Members in respect of the costs of running a constituency office. It covers the salaries paid to Members' support staff, the rent and rates for constituency offices and all the associated running costs.
24. It also includes Establishment Expenses that, unlike most elements of the financial support that is available to Members, are payable over the course of a mandate. In effect, this means that new and returning Members after the May 2022 election will have access to the full £4,000 that is available over the course of the 2022 Assembly mandate.
25. It is estimated that the level of expenditure in 2022-23 will be greater than in 2023-24 and 2024-25, as Members will generally incur more costs through Establishment Expenses in the first year of a new mandate. Similarly, the cost of any redundancy payments that arise following the May 2022 Assembly election will fall in 2022-23 but should not recur to the same extent in subsequent years.

26. The Assembly Commission has agreed that an amending Determination in respect of Members' allowances will not be published until legislation to alter the functions and remit of the IFRP is introduced in the Assembly in the next mandate, however budget provision has been made for possible changes that are likely to come about in the next mandate.

27. These include:

- An uplift of £1.5k in the level of constituency office rent that can be recovered per annum per Member;
- An increase of 3% on the cost of office rates;
- An uplift of 3% per annum on the limit on Constituency Office Operating Expenses to reflect the likely movement in office running costs; and
- Additional staffing costs provision for a Member who has a baby or adopts a child. Budget cover of £68k for 2022-23, £69k for 2023-24 and £70k for 2024-25 for this is included, based on 3 Members availing of this facility each year.

28. Under the Determination, the maximum payable in respect of Members' Staffing Costs is increased or decreased by the same percentage increase or decrease applied to salaries paid to staff employed by the Assembly Commission in the preceding year. The 2021 pay award for Assembly Commission staff has still to be determined but, for planning purposes, an uplift of 1% is assumed for 2022-23, with 2% for 2023-24 and 2024-25.

29. Taking all of the above, the forecast for Members' Constituency Costs for 2022-23 is **£11.499m**, for 2023-24 it is **£11.524m** and it is **£11.746m** for 2024-25

30. **Members' Travel Costs.** The amounts to be paid to Members in respect of their Assembly and constituency travel allowances retain the limits that were set by the March 2016 Determination issued by the IFRP. These amounts have not been reviewed since 2016 so this budget assumes that a future Determination published by the Assembly Commission after the start of the next Assembly mandate will increase travel allowances by 3% in 2022-23 and in subsequent years. The total for this sub-category of expenditure for each year for 2022-23 is forecast to be **£304k**, with **£313k** for 2023-24 and **£323k** for 2024-25.

31. **Members' Other Costs.** This sub-category of costs includes provision for items such as winding up expenditure, ill-health retirement allowance and resettlement allowance. The financial year immediately following a March dissolution of the Assembly sees a raised level of expenditure on both resettlement costs and winding up costs. The total for this sub-category is **£593k** for 2022-23 reflecting the fact that the Assembly election will take place in May 2022 but falling to **£88k** for 2023-24 and **£90k** for 2024-25.

32. The figure for resettlement allowance payments is based on an estimate of 20 Members not returning after the next Assembly election with 10 Members

choosing not to stand again and 10 not being re-elected. Budget cover for disability allowance payments and the cost of 2 Members resigning and winding up their Assembly business in 2023-24 and 2024-25 are included.

Expenditure on Assembly Secretariat salaries and administration costs

33. **Assembly Secretariat Staff Salaries.** For 2022-23, the cost of Assembly Secretariat staff salaries is forecast to be **£21.736m**. While there will be a reduction in staffing numbers and staffing costs as the legislative pressures at the end of the current Assembly mandate ease, the figure for 2022-23 includes staffing to support the development of Private Members' Bills at the levels seen in 2021-22. Staffing to support the implementation of simultaneous interpretation of Assembly business in Irish and Ulster Scots agreed by the Assembly on 15 June 2021 and the provision of staffing support for an Ad Hoc Committee is also included. Additional support has also been provided for the scrutiny of secondary legislation.
34. The figures for 2023-24 and 2024-25 do not propose significant changes to staffing numbers. There will always be changes up and down in staffing numbers, as new posts are needed for a period while other posts are no longer needed. On average, the number of staff included in the Staff Salaries budget remains relatively constant at approximately 370 Full Time Equivalents during the period 2022-23 to 2024-25.
35. No assumptions have been made about changes to employers' on-costs such as pension contributions or National Insurance Contributions save for the already announced increase of 1.25% in National Insurance Contributions with effect from April 2022.
36. The Assembly Commission is currently undertaking a grading and pay benchmarking exercise. A pay uplift for 2022-23 of 2.5% has been incorporated to include potential outcomes from that exercise, the pay award for August 2022 and the cost of pay progression. 2% is included for 2023-24 and 2024-25 (to include the cost of pay progression). This leads to a forecast for Staff Salaries of **£21.965m** for 2023-24 and **£22.380m** for 2024-25.
37. **Administration Costs.** The forecast for administration costs for 2022-23 to 2024-25 is **£6.445m**, **£6.328m** and **£6.392m** for each of the three years.
38. Administration costs cover the full range of expenses incurred in enacting legislation and in delivering Parliamentary scrutiny. So, for example, the costs of drafting Private Members' Bills, facilitating committee activities including meetings in Parliament Buildings and elsewhere and delivering Plenary sittings are all included in this category of expenditure. It also includes the costs of operating Parliament Buildings such as heating, lighting, property maintenance, rates, etc. The costs of business-critical and longer-term contracts for IT support, broadcasting, cleaning, etc. are also included.
39. For each year of the budget period, normal or typical years of operation are assumed that are not adversely impacted by the Assembly not carrying out its

normal business nor are they affected by COVID-19. A full programme of engagement and outreach activities including committee visits and associated travel is assumed. It is also recognised that utility costs are likely to increase during the budget period and that an alternative approach to the provision of print facilities in Parliament Buildings is likely to be adopted.

Payments under the Financial Assistance for Political Parties Act (Northern Ireland) 2000 ('the 2000 Act')

40. Payments to political parties are currently made under the FAPP Scheme 2016. The Assembly Commission is presently discussing the rate of payments under a future FAPP Scheme and while a draft Scheme has not yet been prepared, an assumption that the level of payments could reach **£988k** in 2022-23 has been made. It is also assumed that an inflationary uplift of 2% will be made for each year of the Scheme meaning that the total for 2023-24 is **£1.008m** and **£1.028m** for 2024-25.
41. The Audit Committee will be aware that the Assembly and Executive Review Committee has just completed its *Report on the outcome of the independent Review of the adequacy and effectiveness of the Statement of Entitlements for an Official Opposition at the Northern Ireland Assembly*. A Motion on the Report is included in the Provisional Order Paper for 9 November 2021. While the Assembly has yet to offer a view on the Report, the figures for this category of expenditure include an amount of £100k per annum to provide additional payments to a party that enters Opposition following the next Assembly election. For budgeting purposes, it is assumed that 1 party will enter Opposition in 2022-23.

Depreciation and Impairment

42. It is expected that the charge for depreciation and impairment will total **£3.143m** for 2022-23, **£3.596m** in 2023-24 and **£3.948m** in 2024-25.
43. The increase in depreciation charges in 2023-24 and 2024-25 reflects the fact that a significant capital investment programme is envisaged in both 2022-23 and 2023-24 with a resultant impact on depreciation charges.

Capital Investment

44. In the next three financial years, it is anticipated that a number of planned capital projects will be delivered with a total cost of **£3.897m** in 2022-23, **£3.160m** in 2023-24 and **£1.005m** in 2024-25.
45. A number of these projects are carried forward from 2021-22. These include:
- a. The replacement of the existing Security Management System;
 - b. The investment in broadcasting infrastructure; and
 - c. The installation of a partial Electronic Access Control system.

46. Each of these projects was planned for completion in 2021-22, but progress has been slower than expected due to a range of factors such as problems in securing the services of external specialists in Parliament Buildings. As a result, these projects will now be completed in 2022-23 and the majority of the capital expenditure will be incurred in 2022-23. The surplus capital funds were not retained in 2021-22, but were returned via early monitoring rounds to enable their re-allocation across the NI Block.
47. The list of capital proposals for 2022-23 to 2024-25 is attached in Tables 2 to 4 of Appendix 2 and includes a number of items that require replacement on a cyclical basis.
48. The Assembly Commission has sought to assure itself that the capital projects include in this budget exercise can be delivered in the relevant timeframe. While external factors can have a detrimental impact on the timetable for any project, it is anticipated that these projects will have tight controls over their timetables to minimise the potential for slippage.

Conclusion

49. The Assembly Commission's Resource DEL expenditure for 2022-25 is forecast to be **£50.757m** in 2022-23, **£51.189m** in 2023-24 and **£52.350m** in 2024-25. Capital DEL expenditure of **£3.897m**, **£3.160m** and **£1.005m** has also been identified for the budget period.

The Assembly Commission
28 October 2021

Table 1: Resource DEL Budget 2022-23 to 2024-25				
	2021-22 Forecast Outturn	2022-23 Proposed Budget	2023-24 Proposed Budget	2024-25 Proposed Budget
	£000	£000	£000	£000
Income	(652)	(684)	(627)	(610)
Members' Salaries	6,821	6,733	6,994	7,053
Members' Constituency Office Costs	10,416	11,499	11,524	11,746
Members' Travel Costs	300	304	313	323
Members' Other Costs	144	593	88	90
Secretariat Staff Salaries	20,866	21,736	21,965	22,380
Administration Costs	5,875	6,445	6,328	6,392
Party Allowance	800	988	1,008	1,028
Depreciation and Impairment	3,500	3,143	3,596	3,948
Total	48,070	50,757	51,189	52,350

Table 2: Capital DEL Budget 2022-23		
Project Title	Description of works	Estimated Spend £000
Broadcasting contingency	Contingency for replacement of key broadcast infrastructure items and installation costs.	£30
Digital Archive and captioning Annunciator systems	Replacement of servers that support the digital broadcast archive of Assembly Proceedings and the Annunciator service.	£36
Kitchen equipment contingency	Replacement of individual items of kitchen equipment.	£15
Furniture replacement	Replacement of individual items of furniture.	£25
Parliament Buildings Security System (PBSS).	Replace existing Security Management System.	£360
Chamber video replacement	Replacement of cameras and associated infrastructure in Assembly Chamber and production gallery work.	£708
Room 21 and 29 broadcasting refurbishment	Full replacement of all audio and video systems and related infrastructure.	£1,290
Green screen studio build	To build a permanent green screen studio for use as a dedicated signing studio.	£35
Parliament Buildings Wi-Fi Replacement	Replacement of Wi-Fi infrastructure in Parliament Buildings to facilitate video conferencing and other applications.	£125
Corporate System Review Project	New system for HR, Payroll, Finance and Procurement.	£823
Replace internet firewalls	Replacement of internet firewalls providing secure access including scanning for viruses, malware etc.	£40
Replacement of Hansard Digital Audio System.	Procurement of a new digital audio system providing digital sound recordings to facilitate the production of the Official Report.	£150
Refurbishment of emergency lighting	Replacement of phase inverters.	£70
Electronic access control	Installation of new partial electronic access control system.	£160
Portraits of former office holders	Production of portraits in line with the Commission's agreed policy.	£30
		£3,897

Table 3: Capital Projects Forecast for 2023-24		
Project Title	Description of works	Estimated Spend £000
Broadcasting contingency	Contingency for replacement of key broadcast infrastructure items and installation costs.	£30
StarLeaf system for video conferencing of Assembly business	The initial StarLeaf installation occurred in 2020 so it will need to be reviewed and replaced as it approaches its end of life.	£25
Sync Pulse Generator (SPG) System	The SPG is used to ensure that all cameras across all broadcast rooms in Parliament Buildings operate in phase with each other. The system is stable but, by 2024, it will need to be replaced to ensure ongoing compatibility with new equipment.	£20
Website redevelopment project	A new form of content management system and search services to improve the quality and accessibility of our information and a revised operating model for content publishing.	£100
Kitchen equipment contingency	Replacement of individual items of kitchen equipment.	£15
Furniture replacement	Replacement of individual items of furniture.	£25
Chamber audio	Replacement of all audio equipment and infrastructure in the Chamber along with associated production gallery work.	£681
Room 30 and Senate broadcasting refurbishment.	Full replacement of all audio and video systems and related infrastructure.	£1,271
Corporate System Review Project	New system for HR, Payroll, Finance and Procurement.	£288
Network Communications replacement	The replacement of end-of-life network routers, switches and associated infrastructure in Parliament Buildings.	£250
Evacuation of persons living with a disability	Creation of refuge areas to enable safe emergency evacuation.	£50
New remote access solution	Update to method of securing remote access to facilitate working from home.	£125
Portraits of former office holders	Production of portraits in line with the Commission's agreed policy.	£30
Laptop replacement	Replace end-of-life laptop equipment. Est 350+ devices.	£200
Renewable technologies	Replacement/upgrade of roof-mounted renewable technologies.	£50
		£3,160

Table 4: Capital DEL Budget 2024-25		
Project Title	Description of works	Estimated Spend £000
Broadcasting contingency	Contingency for replacement of key broadcast infrastructure items and installation costs	£30
Broadcasting lifecycle plan replacements and renewals	The investment in broadcasting infrastructure planned for the next 24 months is likely to lead to inclusion on a revised lifecycle plan.	£25
Building enhancements/equipment replacement	Parliament Buildings enhancements including building and equipment lifecycle items.	£300
Website Redevelopment Project (Year 2)	A new form of content management system and search services to support a new content strategy to improve the quality and accessibility of our information and a revised operating model for content publishing.	£100
Desktop PC replacement	Mixed fleet of 680 x HP Elite Desk PCs	£500
Kitchen equipment contingency	Replacement of individual items of kitchen equipment.	£20
Furniture replacement	Replacement of individual items of furniture.	£30
		£1,005

Foreword

This paper sets out the forecast budgetary requirements necessary for the years from 2022-23 through to 2024-25 for revenue and capital expenditure.

The plans of my Office are ambitious to maximise our impact. We continue to invest in the digitalisation of our audits alongside the learning and development of our people, including enhanced capability and capacity in our value for money auditing and public reporting. Last month, I published my latest public reporting forward work programme which covers 2021 to 2023. It builds on the strategic approach we adopted for the first time in 2018, but reflects a more flexible approach in responding to new and emerging challenges in the public sector in these unprecedented times.

Receiving the necessary funding will ensure we continue to invest in the delivery of a strong independent public audit function that provides effective support and assurance to the Assembly in scrutinising public sector performance across central and local government. Our work will take account of the cross-cutting nature of many of the government's priorities, as well as the performance of individual departments. We will also ensure that our programme of work addresses the issues and challenges from increased expenditure arising from the COVID-19 pandemic.

Our work provides the Assembly with high-quality and objective evidence and analysis over public spending. It has a positive effect on the public sector and we regularly achieve annual financial impacts considerably in excess of the running costs of the Office.

We have a bird's eye view across public sector finances so it is critically important that our own assessment of audit resources needed is reasonable and that we manage those resources to meet the same high standards of performance, efficiency and sustainability as we expect of those we audit.

This paper provides information about the budgetary requirements for the Office over the forward planning process.

I invite the Committee to consider our forecast Budgetary Requirements for these periods.



Kieran Donnelly CB
Comptroller and Auditor General
Northern Ireland Audit Office

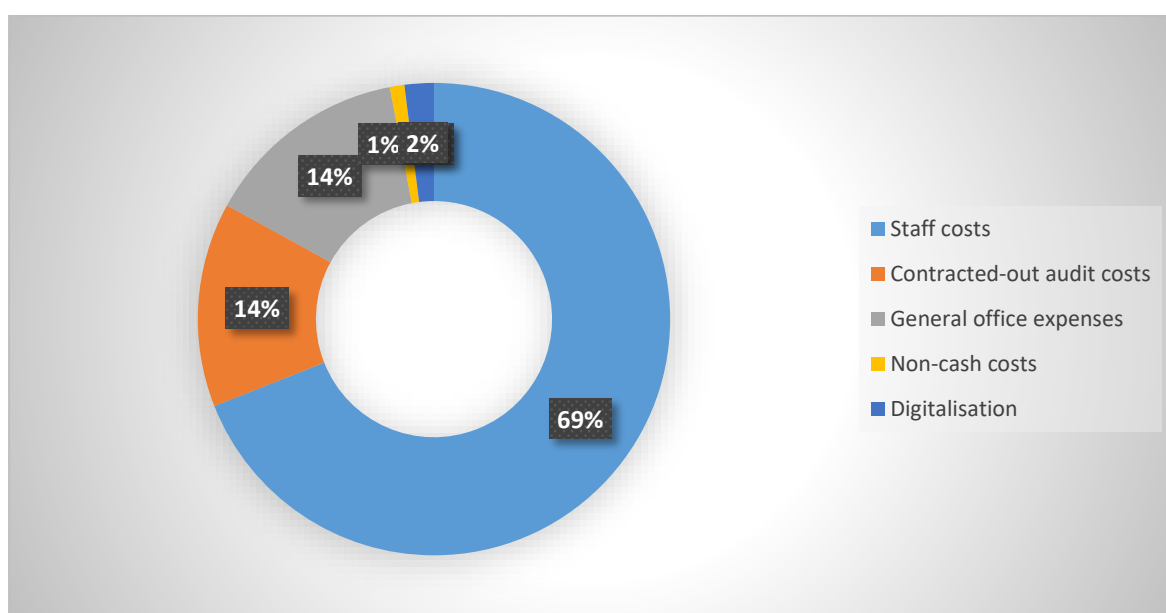
28 October 2021

Resource budget requirement 2022-23 to 2024-25

How do we spend our resources?

1. Our resources are authorised each year by the NI Assembly through the estimates process, following approval of our plans by the NI Assembly Audit Committee. Nearly 85% of our budget is committed to staff costs and the expenditure associated with our contractual arrangements with private sector partners in the delivery of audits. The remainder is spent mainly on the running costs of NIAO as outlined in Figure 1 below:

Figure 1: Key Areas of Expenditure



2. As previously reported to the Committee, average full time equivalent (FTE) staff numbers decreased from 140 in 2011-12 to 105 in 2018-19. These reductions in staff resulted in significant upfront payroll savings, as we sought to reduce senior grades before introducing more positions at Apprentice, Graduate Trainee and Auditor grades. Despite a challenging recruitment environment, a number of appointments have been made during 2021-22, with further positions expected to be filled by the end of the year. At 30 September 2021, we have 119 FTE.
3. The full year impact of recent recruitment will not be seen in our accounts until 2022-23. This has resulted in a surrender of £250k in the June monitoring round and a second surrender in the October monitoring round of £300k. There has also been a reduction in costs due to Covid-19, such as travel and training costs.

4. There are a number of key factors impacting our budget requirements in the coming period which are summarised below:

- (i) *Growing our own talent* - Each year we plan to employ Graduate Trainee Accountants (GTA) and Higher Level Apprentices (HLA). Last month, we recruited 7 GTAs and 3 HLAs. This equates to additional annual costs of £265k. When we reach an optimum number of staff of 125 FTE, currently forecast for 2022-23, these additional annual costs will be offset by anticipated staff leavers or retirements. Some of our trainees may also move in to other areas of the public sector after qualifying as accountants and allows an ongoing cycle of graduate training.
- (ii) *Digitalisation and Modern Audit Practices* – the support secured through recent SBRI funding of £250k is helping us develop our data analytics but we need to invest in growing internal capability and capacity to help drive new ways of delivering our audits and methodology and underpin the learning and development of our people. This will also ensure that our work is carried out efficiently and allow us to respond to developments in current auditing standards and additional quality regulations.
- (iii) *Pay and non-staff costs inflation* – Approximately 70% of our costs are staff salaries. We have applied anticipated inflationary increases and allowed for pay increments for these costs and also non-staff costs. We also included provision for increased employers' national insurance rates.
- (iv) *Contractor payments* – We sub-contract a proportion of audits to private audit firms to help address peak periods of work. These audits are still monitored, reviewed and signed off by the C&AG. Costs associated with these will contractually increase by 2% in 2022-23 to £1.6 million. There is some uncertainty on our future projections due to an ongoing procurement process for 15 audits following withdrawal by one of our contractors.
- (v) *Reduction in income* – We receive income from the National Audit Office for checks carried out on European Agricultural Funds received by Northern Ireland. This work has been scaling down and approximately £300k of this income is forecast to be lost in the 2024-25 year. This creates opportunity for us in freeing up resources and reallocating staff to other work for the NI Assembly.

Summary of requirements

5. Our resource requirements for the 3 years from 2022-23 to 2024-25 compared with the 2021-22 budget are outlined in Table 1 which shows:
 - A summary of staff costs, non-staff costs and income;
 - anticipated full time equivalent (FTE) staffing numbers to reach our proposed optimum position for the delivery of all our work; and
 - that resource budget increases of 2.1%, 1.9% and 5.4% (before C&AG costs and depreciation) are required for 2022-23, 2023-24 and 2024-25 respectively.

6. Table 2 sets out our capital needs from 2022-23 to 2024-25.

Table 1 – Cost analysis and FTE

	Baseline 2021-22 £'000	2022-23 £'000	2023-24 £'000	2024-25 £'000
Staff Costs	7,750	8,150	8,375	8,540
Non staff costs	3,205	3,340	3,165	3,380
Gross Non Ring-Fenced Expenditure Before C&AG Costs	10,955	11,490	11,540	11,920
Income	(2,540)	(2,900)	(2,785)	(2,690)
Gross Non Ring-Fenced Expenditure Before C&AG Costs	8,415	8,590	8,755	9,230
Increase	-	2.1%	1.9%	5.4%
C&AG Salary Costs	160	205	205	205
Net Spend Non Ring-Fenced Expenditure	8,575	8,795	8,960	9,435
Ring fenced – Depreciation	175	275	275	275
Total Budget	8,750	9,070	9,235	9,710
Total increase		3.7%	1.8%	5.1%
Forecast Staff Numbers (FTE)	120	125	125	125

Income

7. We conduct National Fraud Initiative work every 2 years, estimated to be in the region of £150k every other year. This results in higher income and non-staff cost figures in 2022-23 and 2024-25. A reduction of approximately £300k of European Agricultural Fund income is forecasted in the 2024-25 year. We have also included anticipated rental income from the leasing of part of our new premises from 2022-23 onwards.

Ring fenced - Depreciation

8. This category comprises depreciation and impairments. An additional £100k of depreciation cover has been added from 2022-23 for the annual charge that will be required for the newly refurbished building at 106 University Street and associated fixtures and fittings. We are still awaiting estimates for the expected valuation of the building upon completion. As outlined to the Committee in October 2020, additional budget cover could be required to cover a potential impairment on the value of the building on completion of the refurbishment (anticipated to be July 2022). An impairment can arise if the value of the land and buildings when the project is complete, is less than the current cost of the land and buildings plus the cost of the project.

Changes from the previous three year budget

9. The 2022-23 and 2023-24 resource budgets are consistent with our presentation to the Audit Committee in October 2020, except for the following key changes:
 - (i) An additional £100k and £165k of budget cover is included for 2022-23 and 2023-24 respectively for the new employer's national insurance rate increase and updated staff cost projections;
 - (ii) £100k of additional depreciation cover has been included for the annual charge that will be required for the newly refurbished building and associated fixtures and fittings;
 - (iii) A £45k increase in the C&AG salary costs. The C&AG is due to retire at the end of this financial year. The current C&AG opts out of the public service pension scheme meaning that no employer pension costs are incurred. It is assumed that the new C&AG will be part of a public sector pension scheme; and
 - (iv) A £110k increase in forecast audit income based on more up to date estimates.

2024-25 Year

10. The third year of the resource budget, 2024-25, includes inflationary increase in gross non ring-fenced expenditure (excluding biannual National Fraud Initiative costs).
11. Overall, a net £475k increase (5.1%) in resource funding is estimated to be required in 2024-25 from the previous year, mainly relating to an anticipated end to £300k of income received from the National Audit Office for European Agricultural Fund work. We can redirect those staff resources to further supplement and increase our review and scrutiny of increased public sector expenditure to provide assurances to the NI Assembly.

Office refurbishment project and capital budget requirement 2022-23 to 2024-25

**Capital DEL - Proposed 3 Year Budget
Table 2**

	Baseline Year 2021-22 £'000	2022-23 £'000	2023-24 £'000	2024-25 £'000
Accommodation project	4,410	2,250	5	0
IT/Fixtures & fittings	40	40	40	40
Total Capital	4,450	2,290	45	40

12. Our capital resource requirements are usually £40k each year to cover fixtures and fittings and capital IT costs. This recurring amount is shown in table 2 above.

13. Since 2018-19 we have incurred additional capital costs associated with the refurbishment of our premises at 106 University Street and to lease an area of the building which is not fully utilised at present, generating additional annual income (forecast to be £145k from 2023-24). More open plan areas will be created, with more flexible working approaches adopted. A design team was appointed in October 2019, with the developed design approved in October 2020. The detailed design was approved in May 2021 and the contract was awarded on 30th June 2021. Construction work began on 19th July 2021 and is expected to be completed by 18th July 2022.

14. Costs incurred on the project up to 31 March 2021 were £447k. The overall cost of the project is forecast to be £5.6m including optimism bias; £5.1m for the professional fees and building works and £0.5m for furniture and equipment.

15. There is a possibility that work on the project may progress quicker than planned and as a result, £920k anticipated spend in April/May 2022 may be incurred before 31 March 2021. This anticipated £920k is required to be included in both budgets for 2021-22 and 2022-23 and monitored accordingly.

16. It is important to emphasise the project is on track for completion on time and within the capital budget previously agreed by the Audit Committee.



Northern Ireland

Public Services

Ombudsman

NIPSO: Briefing on 2022-25 Budget for Assembly Audit Committee Meeting 03 November 2021

Contents:

1. Introduction
2. NIPSO's 2022-25 draft Budget Plan
3. Maladministration Complaints Investigation
4. Communications
5. Engagement, Improvement and Impact
6. Complaint Standards Authority (CSA)
7. Local Government Ethical Standards (LGES)
8. Governance Arrangements Underpinning NIPSO's Work
9. Conclusion

1. Introduction

- 1.1 Chair and Members, I present NIPSO's three year budget proposal, covering the three years 2022-23 to 2024-25, for your consideration. I look forward to discussing this further with the Committee on 3 November and addressing any questions that you may have.
- 1.2 NIPSO is currently preparing a new Strategic Plan for the period 2022 – 2025 and, while this is currently still in draft format, I share the following for the Committee's information.
- 1.3 **Strategic Vision:** *NIPSO makes a positive difference to people and public services in NI by independently investigating complaints, upholding standards and ensuring learning and accountability.*
- 1.4 **Strategic Themes:** the new strategic plan will be grouped under the following five strategic themes:
 - *Accessibility;*
 - *Engagement;*
 - *Making a Difference;*
 - *Delivering and Demonstrating Value, and;*
 - *Innovation and Modernisation.*
- 1.5 Pending the outcome of the ongoing “*Review of the Governance and Accountability Arrangements for the Northern Ireland Assembly Audit Office (NIAO) and Northern Ireland Public Services Ombudsman (NIPSO)*”, and also the impending update to the “*Memorandum of Understanding*”, that was originally agreed in November 2016, it is assumed that the budget approval process continues in accordance with the established protocol. Under this, in its budget setting role the Committee “has regard to” the views of the Department of Finance (DOF). This is in respect of whether DOF is content that the NIPSO budget figures presented to the Committee are realistic, justifiable and in line with reasonable expectations.
- 1.6 In this context, the following briefing aims to provide clear proposals that will inform the Committee in its review and approval role.

2. NIPSO's 2022-25 proposed Budget Plan

- 2.1 In accordance with prior advice from DOF Supply regarding the desired format and level of detail of the Budget Plan, “*it would be helpful that when presenting figures to the Committee that these are expressed in a consistent manner using the same Public Expenditure categories that are used when reporting information to DoF, and which DoF in turn uses for reporting to Treasury*”.

These prescribed categories are: **1)** Non Ring-fenced RDEL [Resource Departmental Expenditure Limit]; **2)** Ring –fenced RDEL D/I [Depreciation/Impairment], and; **3)** Capital DEL.

2.2 Accordingly, the summary breakdown of NIPSO's proposed 3-year budget is as follows:

All figures in £million

Category	2021-22 (Current agreed baseline)	2022-23	2023-24	2024-25
Non Ring-fenced RDEL	3.588	3.895	3.943	4.001
Ring-fenced RDEL D/I	0.120	0.120	0.122	0.125
Capital DEL	0.070	0.070	0.060	0.060

2.3 To aid Committee scrutiny, the budgetary proposals can helpfully be broken down into a number of discrete business areas. These are set out in the table below, which provides further analysis of the requested budget for 2022-23 to 2024-25, compared to the 2021-22 baseline; the latter as agreed by the Committee in December 2020.

2.3. This table also includes anticipated ring-fenced depreciation/ impairment (a non- cash category of expenditure) and proposed capital expenditure.

2.4. The table is accompanied by explanatory notes immediately below (a to f). In sections 3 to 8 inclusive there is further narrative on the key business areas referred to in this table.

All figures in £K	2021-22 Agreed Budget	2022-23	2023-24	2024-25	Note
1. Maladministration (<u>Excluding Own Initiative</u>) - Staff Cost	1,730	2,010	2,027	2,055	a
2. Own Initiative - Staff Cost	242	250	254	256	
3. Engagement, Improvement & Impact - Staff Cost	115	120	122	123	
4. Ombudsman Salary	155	160	164	169	b
5. Complaint Standards Authority - Staff Cost	161	170	172	174	
6 General Admin Expend (GAE)	644	644	663	683	c
Total Maladministration	3,047	3,354	3,402	3,460	
7. Local Government Ethical Standards (LGES) (staff plus GAE)	541	541	541	541	d
TOTAL Resource DEL	3,588	3,895	3,943	4,001	
Year-on-Year Increase		8.6%	1.2%	1.5%	
Resource Depreciation/Impairments	120	120	122	125	e
Capital DEL	70	70	60	60	f

Notes:

- a. The £280k increase in 2022-23 over the 2021-22 budget reflects a number of inescapable and/or essential added needs These include:
 - the incorporation of a retrospective pay increase of 1% in 2021-22 which was excluded from NIPSO's 2021-22 baseline budget on DoF advice but subsequently was agreed to and applied to actual salaries.
 - a further assumed 1% overall pay increase in respect of 2022-23.
 - the impact of the UK Government increase in Employers NI contributions by 1.25% from 2022-23
 - 2 x Additional investigation officers for Maladministration Investigations required as a result of the substantial increase in complaints
 - 1 x IT & Corporate Reporting Officer to enable full reporting from the new case handling system
 - 1 x Communications Assistant to support the Head of Communications and respond to the increasing level of activity and profile of NIPSO.

The ongoing core Maladministration function is discussed further at paras 3.1 to 3.7 below.

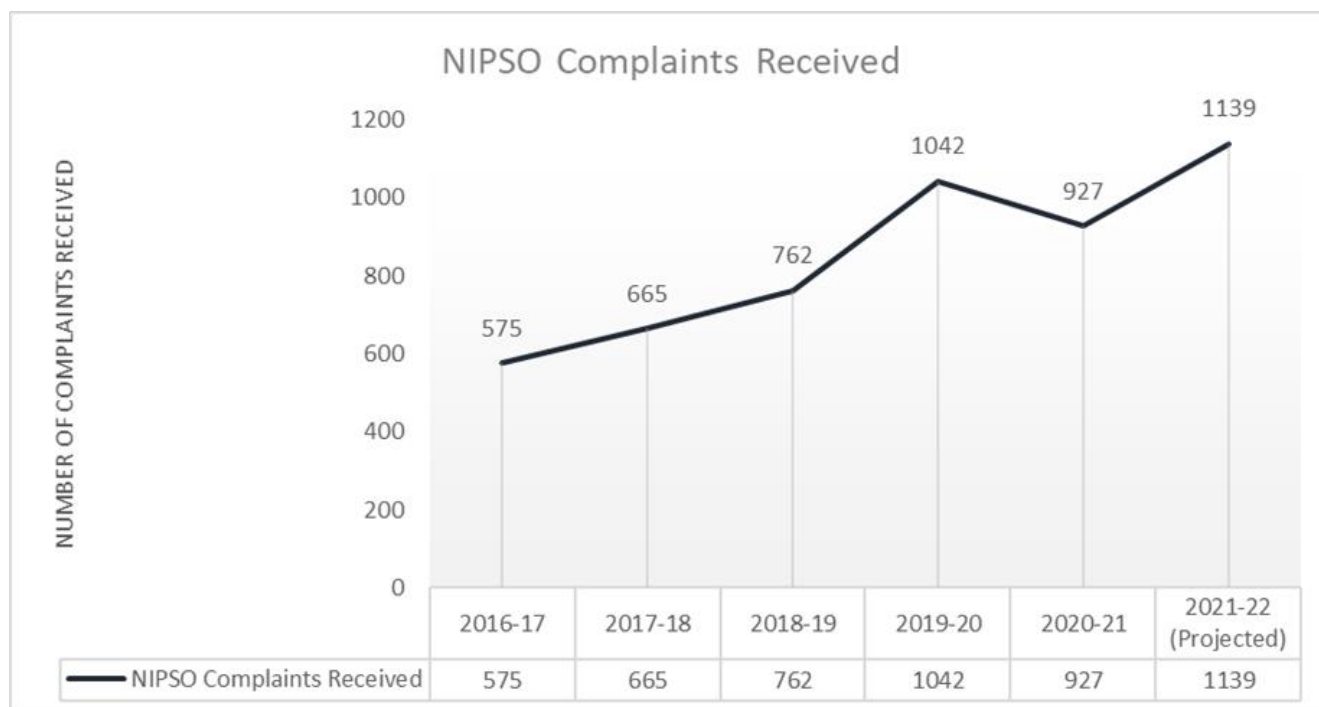
- b. This reflects the anticipated growth in the Ombudsman's full employment costs over the three year plan period.
- c. The stated General Admin Expenditure (GAE) budget covers the total non-staff expenditure required in support of all of NIPSO's functions (other than LGES). A breakdown, by year, of the GAE budget is available separately. Overall, budgeted GAE is held unchanged in 2022-23 (at £644k) and then increases by 3% year-on-year over the remaining two budget years. This is in anticipation of significant inflation across a number of non-staff expenditure areas.
- d. Under arrangements between NIPSO and the Department for Communities (DfC) the historical opening budget each year for NIPSO's discharge of the Local Government Ethical Standards (LGES) function is £541K (constant since 2015-16). Future years assume a continuing base budget of £541k, on condition that the established mechanism for any excess in-year requirement continues to operate. This is discussed further in paras 7.1 to 7.4 below.
- e. This is a ring-fenced area of **non-cash** expenditure, in respect of the depreciation and/or impairment of NIPSO's assets.
- f. Capital expenditure requirements are built up each year from a zero base. The figures provided are best estimates at this time. The proposed £70k in 2022-23 reflects the likelihood of up to £40k of planned capital expenditure related to the new Complaint Standards Authority function slipping from 2021-22.

3. Maladministration Complaints Investigation

- 3.1 The main activity of NIPSO remains the assessment and investigation of complaints about the health, social care, housing, education, and local and central government sectors. Despite a short term reduction in the number of complaints during 2020-21 due to the Covid-19 pandemic, the trend in complaint numbers received remains sharply upwards since NIPSO's establishment in 2016 – equating to 94% over the five years to 2020-21. We have managed this increase primarily through efficiencies and through adapting our approach, for example a focus on achieving a greater proportion of

effective early resolution to bring about remedy for complainants as an alternative to a full and lengthier investigation.

- 3.2 Based on the number of complaints received to date in 2021-22 it is currently anticipated that NIPSO will see a 23% increase in complaints compared to 2020-21 and almost 10% above 2019-20 which historically was the largest ever number of complaints received by NIPSO – and at that time a 37% increase on the then prior year. The trend of complaints received, including the projected number for 2021-22, is illustrated in the following chart:



- 3.3 We have also increased the number of decisions that we take at the further investigation stage of our process, broadly in line with the increased volume of complaints.
- 3.4 Health and Social Care (HSC) continues to account for a significant proportion of our complaints though the overall percentage of complaints from this sector has reduced to around 35% of complaints received each year. This is due to an increase in complaints across other sectors. The majority of health complaints require us to obtain independent advice and as such progress to the further investigation stage of our process. Our jurisdiction for HSC-related complaints is broader and includes consideration of the professional judgement made in care and treatment. Such investigations are therefore more complex and resource intensive. We published a number of reports into continuing health care and drew attention to the lack of clear policy and guidance. We have followed up with the Department of Health on a continuing lack of clarity on this issue.
- 3.5 Complaints about education and in particular schools have continued to be a significant feature of our work. As a result of this work we published an overview report summarising a number of complaints we had investigated into restrictive practices in schools. We briefed the Assembly Education Committee on this work and raised a number of issues with the Education and Training Inspectorate and the Department of Education as part of their ongoing review.

- 3.6 When NIPSO's expenditure growth over the period since our establishment in 2016 is compared to complaints activity growth over the same period it is clear that very significant operational efficiencies have been achieved (even before applying any deflator to funding). However, as can be seen from the information provided we are experiencing a significant increase in the volume of our complaints and NIPSO are asking the Committee to support an additional 2 full time Investigating Officers to help us to deal with the significantly increased demand on our service.
- 3.7 Following due consideration it is hoped that the Committee will see fit to endorse NIPSO's proposed maladministration resource budget which maintains an ambitious target to cope with likely further increases in complaints numbers within extremely modest increased budget resources over the three year budget period.

4. Communications

- 4.1 NIPSO considers that there is a need to strengthen our communications team which currently consists of one FTE staff member. There has been a considerable expansion in NIPSO's activities through Own Initiative Investigations, Complaint Standards, Engagement Improvement and Impact work alongside the increased volume of decisions being taken at our investigation stages. We face additional demands from the media given the significant profile of our recent work on Personal Independence Payments, Continuing Healthcare Assessments, Restraint and Seclusion in Schools and our investigation reports. The publication of our PIP report resulted in 42 separate written media articles, 8 separate television and radio reports and increased traffic to our website by 52% with over 1500 page views of our PIP report.
- 4.2 NIPSO considers that in order to ensure maximum impact from our work, and to share the insights and learning as widely as possible, further communications capability is required. We have undertaken our first public awareness survey and would hope to repeat on a biennial basis. While this indicated a 40% awareness among those who responded we would aim through our communications work to improve upon this. We would also hope to improve our website content as well as our social media presence to ensure that we remove as many barriers as possible to accessing our service. We would further aim to expand and improve the content of our publications.
- 4.3 One of our key priorities is to share lessons learned from our work in new ways and in new formats. We aim to enable our Engagement, Improvement and Impact team to share the lessons learned from our work with public bodies and members of the public. In order to bring about positive change, and make a difference to public services, sufficient communications support is essential.

5. Engagement, Improvement & Impact

- 5.1 Using the knowledge and insight gained from complaints to improve public services is an integral aspect of the Ombudsman's office. Right across the jurisdictions of the UK

Ombudsman Offices use the learning from complaints to provide a wider window on how public services are performing. Complaints provide an on-going and up to date metric of what is working well, what isn't and identify where there are patterns of repeated mistakes which point to a greater underlying issue. There is a wealth of learning from complainants' experiences of our public services which I believe can be used to share broader lessons and address the systemic issues inherent in some of the failures we see.

- 5.2 In 2020-21 NIPSO modernised its complaints handling system to support our ongoing work on engagement, improvement and impact. The new case handling system was a significant step forward in terms of our ability to capture information across all our functions. The system is now embedded and being utilised by all our teams. As a result we have identified a need for an additional resource to ensure that we can extract the maximum amount of information from our complaints and investigations to help drive improvement in public services and to support our Engagement, Improvement and Impact Team. The appointment of a dedicated IT & Corporate Reporting Officer resource is seen as key to supporting our ongoing focus on engaging and helping improve public services and to ensure that our work and the wider lessons from complaints have impact.
- 5.3 It is envisaged that this increased reporting capability will also further enhance the analysis necessary to support our Own Initiative function. In June 2021 NIPSO published its first Own Initiative investigation into the role of further evidence in Personal Independence Payments. This investigation found systemic maladministration in how the system operated and made recommendations to bring about improvement. The intelligence which led us to consider this investigation came from an analysis of the complaints we had received. It is expected that the addition of a dedicated corporate reporting resource would further support our Own Initiative function.
- 5.4 NIPSO hope to be in position before the end of 2021-22 to have announced a sector implementation plan for our complaint standards function. As we begin work with bodies across the public sector on improving complaints handling it is essential that we have up to date information on the issues that concern the recipients of our public services. Further capability in reporting will support this work as we begin engagement with public bodies
- 5.5 Enhancing our analysis and reporting capability will enable NIPSO to provide thematic reports, identifying areas for improvement and share this learning with public services, public representatives and policy makers. We would use our casework to make a difference by providing the analysis and learning that comes from it to our elected representatives This would require more regular, systematic and targeted reporting to support engagement and out-reach, better understanding and communication of information, trend analysis and citizen experience to inform that work and more use of targeted thematic reports drawing attention to repeated systemic failings or issues we continue to observe through our casework in key public service areas.

5.6 I would ask the Committee to consider the benefit I have outlined from the addition of this proposed dedicated corporate reporting resource and hope it could be viewed as an invest to save proposal in respect of improvements in public services.

6. Complaint Standards Authority (CSA)

6.1 The provisions of the 2016 Act provide NIPSO with the authority to lead improvements in complaints handling across the public sector Northern Ireland. This is a new and distinct Complaint Standards Authority (CSA) role for the Ombudsman which reflects similar powers provided to Ombudsmen in Scotland and Wales.

6.2 The Complaint Standards function contained within part 3 of the Public Services Ombudsman Act 2016 was commenced by the Assembly on 28 May 2021 and I wish to note and thank the Audit Committee for their support in taking this matter forward with the Assembly Commission.

6.3 Following the commencement of this function NIPSO launched on 10 June 2021 a public consultation on a statement of complaints handling principles, a model complaints handling procedure for public bodies and our approach to the implementation. NIPSO also published a research report into complaints handling in the public sector in Northern Ireland on the same date. The consultation closed on 30 September 2021. NIPSO received 100 written responses to the consultation as well as detailed feedback from focus groups and from engagement with the public sector and advocacy and support groups. It is hoped to bring a report on the outcome of the consultation in relation to the Statement of Complaints Handling Principles to the Executive Office Committee in the near future. Subject to the agreement of the Committee is hoped that the principles can be laid and approved by a resolution of the Assembly, thereby completing the final legislative step necessary.

6.4 NIPSO have outlined an approach based on sectoral implementation of a standardised, simplified and streamlined complaints handling procedure supported by high quality advice and training. NIPSO intends to announce our proposed initial implementation plan in early 2022. It is hoped that the roll-out of the complaint standards implementation plan alongside the measures proposed in our new strategy will begin to bring about a culture change in how complaints are managed in Northern Ireland leading to an improved experience for complainants and improved public services.

7. Local Government Ethical Standards (LGES)

7.1 As noted at para. 2.4, note d above, the current £541K budget has remained constant since the inception of the ethical standards jurisdiction in 2014.

7.2 Since my appointment as the Local Government Commissioner for Standards I have ensured that adjudications have been proceeding in a timely way and that the impact from the delay in my appointment and the COVID pandemic have been addressed.

- 7.3 Having addressed the issue of adjudications my key priority over the next period is to increase engagement with Councillors and their representative bodies. Over the last year I have engaged with Solace, NAC and NILGA as well as meetings across all the political parties to understand their views and experiences regarding the Code. I aim to provide more detailed guidance, training and support to councillors to ensure that together we make the code a living document. I will continue to ensure decisions are published on breaches of the Code of Conduct for Councillors and that there is dissemination of the learning from those cases and adjudications. I have commenced a review of the guidance and procedures that support this function and will publish updated Commissioner's Guidance for Councillors. I intend within the budget available to appoint an officer within my Engagement Improvement and Impact team to take forward work to support councillors understand and comply with the code.
- 7.4 Under a current agreement between NIPSO and the Department for Communities (DfC) additional funding of up to £244k in any given year can be called down in the event that it may be required to address variable items of expenditure, in particular legal costs on adjudications or High Court appeals given the direct appeal route to the High Court provided for in respect of adjudications.

8. Governance Arrangements Underpinning NIPSO's Work

- 8.1 NIPSO's governance arrangements are described in the 'Memorandum of Understanding (MOU) on the Governance and Accountability Arrangements of the Northern Ireland Public Services Ombudsman'.
- 8.2 This MOU was finalised and agreed in the previous mandate by the then Assembly Audit Committee on 30 November 2016 but, due to Assembly dissolution in January 2017, it was not formally signed by the respective parties. Since restoration of the Assembly in January 2020 the re-established Committee has begun the process of reviewing the document, with a view to updating and formalising it.
- 8.3. As the Committee is aware, NIPSO has considered and responded to the MOU as currently constituted and I understand that the Committee will return to this as part of the report on the Review of Governance Arrangements.
- 8.4 The practical governance mechanisms in place in NIPSO, consistent with this MOU are as follows:
- The Governance and Accountability role of the Assembly Audit Committee, who under the 2016 Act are responsible for: examining NIPSO's Estimate and laying it before the Assembly; considering NIPSO's Strategic Plan; examining the NIPSO Annual Report and Accounts and any NIAO audit reports thereon.
 - An independent Audit and Risk Committee (ARC) to which NIPSO provides regular and comprehensive information regarding the effective discharge of our functions;

- An externally appointed Internal Audit Service, which examines and reports on a rolling programme of operational and administrative areas of NIPSO's business and which presents an annual Assurance Report;
- External Audit, undertaken by the Northern Ireland Audit Office, including an assurance that the expenditure and income in the annual financial statements have been applied for the purposes intended by the Assembly;
- Reporting annually (in the Ombudsman's Annual Report and separately in the Local Government Commissioner for Standards Annual Report and Northern Ireland Judicial Appointments Ombudsman) on the exercise of the Office's functions;
- The maintenance and regular review of a Corporate Risk Register which, in respect of each of NIPSO's strategic objectives, identifies the key risks to achievement, the measures in place to manage these risks and potential further measures for consideration, subject to available resources;
- The production and analysis of weekly reports on current and projected year-end performance against a range of Key Performance Indicators;
- The operation of a regular quarterly Quality Assurance framework with a view to ensuring that those coming into contact with the office receive the best quality service possible and that all opportunities for internal organisational learning are identified and taken. This is reviewed at Senior Management Team meetings on a regular basis.
- Active participation and contribution to the sharing of best practice between other Ombudsman services within the UK, Ireland and internationally. We regularly participate as members in a range of specialist Ombudsman Association working groups to develop and learn from current Ombudsman best practice.

8.5 NIPSO has also given early consideration to both the development of peer review arrangements and progressing an independent services standards complaints reviewer. We are currently discussing with the Ombudsman Association an appropriate peer review approach and are progressing an invitation to tender to appoint an independent service standards complaints reviewer.

9. Conclusion

9.1 I am grateful for the opportunity to discuss on November 3 the budget figures and commentary detailed above.

9.2 At this meeting I look forward to exploring further these and any others matters that the Committee may see fit.


Margaret Kelly

Ombudsman

27 October 2021

Appendix 3:

Minutes of Proceedings relating to the Report

Minutes of Proceedings of the meetings on 29 September 2021, 3 November 2021, 24 November 2021 and 30 November 2021 can be viewed at the following link:

<http://www.niassembly.gov.uk/assembly-business/committees/2017-2022/audit-committee/minutes-of-proceedings/session-2021---2022/>

Appendix 4

Minutes of Evidence relating to the Report

Minutes of Evidence of the meetings on 3 November 2021 and 24 November 2021, can be viewed at the following link:

<http://aims.niassembly.gov.uk/officialreport/minutesofevidence.aspx?&cid=13>

Appendix 5:

Other Evidence considered by the Committee

- 5.1:** NIAC: Response dated 29 October 2021 - Annual Report and Accounts 2020/21
- 5.2:** NIAC: Annual Report and Accounts 2020/21 – link:
<http://www.niassembly.gov.uk/globalassets/documents/corporate/resource-accounts/ni-assembly-commission-2020-21-resource-accounts.pdf>
- 5.3:** NIAC: Response dated 21 October 2021 - Budget 2020/21
- 5.4:** NIAC: Response dated 19 November 2021 - Draft Budget 2022-25
- 5.5:** NIAO: Response dated 27 October 2021 - Annual Report and Accounts 2020/21
- 5.6:** NIAO: Annual Report and Accounts 2020/21 – link:
https://www.niauditoffice.gov.uk/sites/niao/files/media-files/NIAO%20Annual%20Report%20%28COMBND_FNL%29_2020-21_1%20%28Web%20Version%29.pdf
- 5.7:** NIAO: Response dated 25 November 2021 - Cost of contracted out audits
- 5.8:** NIPSO: Response dated 14 October 2021 - Annual Report and Accounts 2020/21
- 5.9:** NIPSO: Annual Report and Accounts 2020/21 – link:
<https://nipso.org.uk/site/wp-content/uploads/2021/07/7648-NIPSO-Annual-Accounts-20-21.pdf>
- 5.10:** DoF: Response dated 18 November 2021 - Draft Budgets 2022-2025
- 5.11:** PAC: Response dated 9 November 2021 - NIAO Draft Budget 2022-25

An Ceann Comhairle

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Daniel McCrossan MLA
Chairperson of the Audit Committee
Room 325
Parliament Buildings

29 October 2021

Daniel a chara,

RE: ANNUAL REPORT AND ACCOUNTS 2020-21

I refer to your letter dated 29 September 2021 seeking information/clarification on a number of issues connected with the Assembly Commission's Annual Report and Accounts for 2020-21.

The Assembly Commission is entirely respectful of the important role which was agreed for the Audit Committee to scrutinise the Assembly Commission's budget proposals for each financial year, independently from the Executive. I also acknowledge that the Audit Committee is accustomed to asking questions to scrutinise the wider activities and finances of the Northern Ireland Audit Office (NIAO) and the Northern Ireland Public Services Ombudsman (NIPSO).

However, it has to be noted that the Audit Committee's relationship with the Assembly Commission, as agreed, is not the same as that for NIAO and NIPSO. The Assembly Commission has to be particularly mindful of its different statutory base and be respectful of its different accountability structures. These include the fact that:

- The Assembly appoints five Members to provide political authority and oversight to the Assembly Commission (including considering the annual performance against the Assembly Commission's Corporate Strategy and Corporate Plan);
- The Assembly Commission accounts directly to the Assembly through Question Times and motions, including on the approval of its budget; and
- The Assembly Commission has a Secretariat Audit and Risk Committee with independent members.

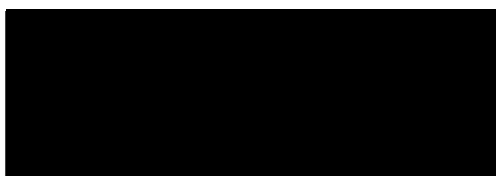
Therefore, there is a balance between appreciating that the Audit Committee will have questions from time to time to inform its consideration of the Assembly Commission's budget on the one hand and operating within the Audit Committee's agreed role in

relation to the Assembly Commission's budgetary proposals on the other. In that context, I provide some additional information below on your queries:

- Reporting requirements for annual reports and accounts were different this year. As those targets which were either not met or were partially met would ordinarily have been provided in the published document, a list of those targets is provided in Annex A. Issues arising from COVID-19 and other business pressures were the most significant factor that affected performance;
- There was a typographical error on page 10 of the report in relation to 4 out of the 5 targets that were not achieved. The impact of the extended lockdown which was in place from Christmas 2020 to beyond the end of the 2020-21 financial year was **not** known when the Annual Plan 2020-21 was being devised and directly impacted the Assembly Commission's ability to deliver a number of actions in the Annual Plan 2020-21;
- In relation to the work being carried out to mitigate the risk of operational failure of the broadcasting infrastructure, the replacement of equipment earlier this year removed a significant element of risk to the broadcasting of the proceedings of the Assembly. The risk to audio failure has been mitigated by the development and testing of a contingency plan;
- The increase in the costs of temporary agency workers was directly related to the level of vacancies that were in place prior to the resumption of Assembly business and the initial inability to recruit permanent staff due to COVID-19; and
- The increase in the cost of consultants was directly related to the projects that were undertaken in the relevant years including the Learning and Development Strategy and the Systems Review Project. In 2019-20, projects were not being taken forward at that time.

I am aware that this correspondence comes at the same time as the ongoing contacts between the Audit Committee and the Assembly Commission in relation to codifying the relationship between both bodies. While I hope the information above is helpful for the Audit Committee's queries, it is important to take account of the nature of the relationship which was previously agreed and clarify the respective roles for the future.

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ALEX MASKEY MLA



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Mr Alex Maskey MLA
The Speaker
Chairperson of the Assembly Commission

Issued via email to: speaker@niassembly.gov.uk

29 September 2021

Dear Alex

Annual Report and Accounts 2020-2021

At its meeting on 29 September 2021, the Audit Committee considered the *Northern Ireland Assembly Commission: Annual Report and Accounts for year ended 31 March 2021*.

In preparation for its scrutiny of the forthcoming NIAC draft budget, the Committee agreed to seek further information/clarification on a number of issues:

- Further details on the 13 targets that were partially achieved and the 5 targets that were not achieved and any reasons other than COVID-19 that affected performance;
- It is noted on page 10 of the report that, in relation to 4 out of the 5 targets that were not achieved, the impact of the resumption of Assembly business and COVID-19 was known when the Annual Plan 2020-21 was being devised. If it was known that the targets were not likely to be achieved because of these impacts, what was the reason for setting them;
- An update on the work being carried out to mitigate the risk of operational failure of the broadcasting infrastructure;
- Further details on the increase in payments for temporary staff (2020/21 - £1,988,133, 2019/20 - £350,059) including details of the

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steps being taken to reduce reliance on temporary staff in the next budget period;

- Further details on the increase in payments made to consultants (2020/21 - £47,928, 2019/20 - £2,832).

I would appreciate a response by 14 October 2021.

Yours sincerely



Daniel McCrossan
Chairperson of the Audit Committee

c.c Lesley Hogg
Richard Stewart

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Mr Daniel McCrossan
Chairperson of the Audit Committee
Room 325
Parliament Buildings

21 October 2021

Daniel a chara,

RE: ASSEMBLY COMMISSION: BUDGET 2021-22

I refer to your letter dated 29 September 2021 regarding the Audit Committee's consideration of the Assembly Commission's budget for 2021-22 in light of the upcoming budget for 2022-25.

Your letter sought an update on work carried out and work outstanding against six specific projects namely:

- Broadcasting infrastructure/systems
- Improving Wi-Fi strength
- TV / TV Distribution System Replacement
- Replacement of the Security Management System
- Electronic Access Control
- Improving accessibility/disabled access.

The table at Appendix 1 sets out the details for each of these items.

I trust that this update will assist the Audit Committee in its scrutiny of the Assembly Commission's budget for 2022-25.

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ALEX MASKEY MLA

Area identified by Audit Committee	Capital Budget Agreed 2021-22 £000	Capital Spend 2021-22 YTD £000	Total Planned Spend 2021-22 £000	Comments
Broadcasting infrastructure/systems	£500	£13	£100	The substantive element of this stage of the upgrade of audio and video systems is now planned for summer recess 2022. It is anticipated that expenditure of approximately £100k on lighting and acoustic treatments (in broadcast-enabled rooms) in response to broadcasting surveys will be carried out in 2021-22.
Improving Wi-Fi strength	£0	£0	£0	While this was not identified in the capital expenditure plan for 2021-22, the Assembly Commission intends to undertake a review of the system and to commence a project to replace the Wi-Fi network infrastructure before the end of the current Assembly mandate.
TV / TV Distribution System Replacement	£200	£0	£175	The procurement process will formally commence in late October/early November 2021, with the contract being awarded in December. Following market sounding, it is now anticipated that the costs for this project will be £175k (down from the original estimate of £200k).
Replacement of the Security Management System	£280	£0	£0	It is planned that the procurement process for this project will commence in November 2021 with the contract being awarded in January 2022. It is now anticipated that the capital works (and associated capital expenditure) will take place in early 2022-23. The technical adviser to the project has advised that the cost of equipment is likely to have increased so an estimate of an additional £80k for the project has been made in the capital plan for 2022-23. However, this figure will be re-assessed once tender returns are received in late 2021/early 2022.

Area identified by Audit Committee	Capital Budget Agreed 2021-22 £000	Capital Spend 2021-22 YTD £000	Total Planned Spend 2021-22 £000	Comments
Electronic Access Control	£210	£0	£50	This project has linkages to the replacement of the Security Management System (noted above) as any access control solution will need to be integrated with the Security Management System. While it is estimated that £50k can be spent in 2021-22 on project advice and design, it is planned to proceed with the remainder of this project in 2022-23.
Improving accessibility/disabled access.	£50	£0	£0	While this was not specifically identified in the capital expenditure plan for 2021-22, a project to provide an additional two-way fire evacuation emergency communication system (estimated at £50k) was included. Outline proposals have been drafted for the emergency communication system but the limited availability of both the designated Fire Officer and a works designer means that expenditure is not now anticipated until 2022-23 (subject to agreeing the proposed scheme with the Fire Officer).



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The Speaker
Chairperson of the Assembly Commission

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30 September 2021

Dear Alex

Northern Ireland Assembly Commission: Budget 2021-22

At its meeting on 29 September 2021, the Audit Committee considered matters relating to the Northern Ireland Assembly Commission budget for the 2021-2022 period.

To assist its consideration of the Commission's budget for the 2022-2025 period, the Committee agreed to request an update on the work that has been carried out, and details of the work outstanding, in relation to the following areas:

- Broadcasting infrastructure/systems
- Improving Wi-Fi strength
- TV / TV Distribution System Replacement
- Replacement of the Security Management System
- Electronic Access Control
- Improving accessibility/disabled access.

Details of the expenditure incurred to date in 2021-22 for each of the areas is also requested.

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I would appreciate a response by 28 October 2021.

Yours sincerely



Daniel McCrossan
Chairperson of the Audit Committee

c.c Lesley Hogg
Richard Stewart
Robin Ramsey

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Daniel McCrossan MLA
Chairperson of the Audit Committee
Room 325
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19 November 2021

Daniel a chara,

Draft Budget 2022-25

The following is in response to your letter dated 3 November 2021, requesting information relating to the roof project and the catering subsidy, for consideration at the Audit Committee's next evidence session scheduled for 24 November 2021.

Parliament Buildings Roof Project

In relation to the roof works, the Assembly Commission was made aware of some defects that became evident after the project was completed in 2015 and for which it has not yet been possible to determine the cause or to apportion responsibility accordingly.

Solicitors have been instructed on behalf of the Assembly Commission. Building and construction consultants acting on behalf of the Assembly Commission have been preparing reports on probable cause of, and liability for these defects. Next steps are likely to involve some form of alternative dispute resolution (ADR) between the Assembly Commission and the parties most directly implicated. However, the use of ADR is dependent on the consent of all parties and cannot take place without the expert evidence that is currently being finalised.

You can be assured that the Assembly Commission is taking this matter extremely seriously. However, given the legal and commercial sensitivity of these matters, it would not be appropriate for the Assembly Commission to provide any further detail beyond that given above. Therefore the Clerk/ Chief Executive will not be in a position to provide further detail to the Committee at this time, whether in open or closed session.

Catering Subsidy

The Assembly Commission requires that catering services be provided during business hours including services for those occasions when Plenary sittings extend beyond "normal" operating hours and for all events and functions held within Parliament Buildings.

Where the cost of providing these services exceeds the monies taken in the extra cost is incurred by the Assembly Commission. This operating cost is sometimes referred to as a subsidy and it varies on a monthly basis depending on the level of sales within the catering outlets. The following table sets out the cost of catering services provided during the current contract term to date. The porterage cost allocated to catering is also included as it relates to kitchen porters' duties required to deliver catering services.

It is important to note that, as anticipated in advance of signing this contract, there was lower sales volume (arising from lower footfall) in Parliament Buildings from the commencement of the contract on 8 January 2018. While sales volume had been slowly increasing following the resumption of Assembly business in January 2020, the onset of the COVID-19 global pandemic in March 2020 once again affected footfall (and therefore sales) in Parliament Buildings.

Contract element	2018 Year 1	2019 Year 2	2020 Year 3	2021 Year 4 (Jan – Oct)
	£000	£000	£000	£000
Catering	£258	£180	£352	£257
Catering-related porterage	£65	£70	£76	£67
Total Catering	£323	£250	£428	£324

The Assembly Commission has recently commenced the process of procuring a new Support Services contract to provide catering services in Parliament Buildings beyond Friday 12 August 2022, when the current contract is set to expire.

Please let me know if you require anything further.

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ALEX MASKEY MLA



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4 November 2021

Dear Alex

Draft Budget 2022 – 2025

At its meeting on 3 November 2021, the Audit Committee received oral evidence from Mrs Lesley Hogg, Clerk/Chief Executive, on the Assembly Commission's budget plans for 2022 – 2025. Following the oral evidence session, the Committee agreed to request the following information for consideration at the next evidence session scheduled for 24 November 2021:

- An update on the Parliament Buildings roof project; and
- Details of the catering subsidy that applies to catering outlets within Parliament Buildings.

The Committee appreciates that some of the information that might be provided in relation to the roof project is of a commercially sensitive nature, therefore the first part of the briefing on 24 November 2021 will be held in closed session.

I would appreciate a response by **noon on 19 November 2021**.

Yours sincerely


DANIEL MCCROSSAN MLA
Chairperson, Audit Committee



Kieran Donnelly CB
Comptroller & Auditor General

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27 October 2021

Dear Daniel

Annual Report and Accounts 2020-2021

Thank you for your correspondence of 29 September 2021, seeking further information/clarification around the *Northern Ireland Audit Office: Annual Report and Accounts for year ended 31 March 2021*. To ensure clarity, I will address each of the matters in chronological order as set out in your letter.

1. To provide further information on the reasons why and the steps being taken to address the shortfalls where performance did not meet targets

In the section referred to in your correspondence, there are five key performance targets, two of which were fully achieved. My response will focus on those three targets where there were shortfalls and, where necessary, provide you with the context within which my Office was working across the reporting period.

Target 1: To produce 32 public reports in 2020-21 as per the NIAO Public Reporting Programme (2019-22)

When the pandemic first hit in March 2020, I pulled back my staff from all on-site audit work as the public service focused its energy on the pandemic. Throughout 2020, I was committed to ensuring that our audit work did not disrupt the efforts of severely stretched public bodies

to deal with a most challenging set of circumstances. Despite these restrictions we progressed our audit work much further than I could have imagined at the outset whilst working and engaging with audited bodies remotely.

On 19 June 2020, I wrote out to all our key stakeholders, informing them that I had decided to re-prioritise my Public Reporting Programme in response to the pandemic; in effect the target set for the publication of reports at the outset was no longer appropriate. Some studies, for example, “Promoting entrepreneurial culture and supporting business startups”, and “Responding to an ageing population” were deferred to create space for audit work on higher risk covid-related expenditure.

Given these circumstances. I believe that progress on delivering 22 reports in the reporting period was a considerable achievement. This is testament to the commitment and professionalism of both my staff and those in the audited bodies who facilitated the auditing process.

Target 2 - To certify 149 accounts; to certify 80 per cent of audited bodies accounts within seven months of their year-end and 100 per cent within twelve months of their year-end.

As a direct result of the onset of Covid-19, and following agreement with DoF, it was decided to extend the dates for submission of the 2019-20 accounts and audits as follows:

- Central government accounts to be submitted by 4th August 2020 (rather than May 2020), with the statutory deadline for certification 31st October 2020.
- Local government accounts to be submitted by 31st August 2020 (rather than 30 June 2020), for certification by 31st December 2020.

Despite the delays in submission of accounts, and the knock on effect this had on the work programme, I gave a commitment to progress audits as quickly as possible after accounts were received. As a result, I worked closely with DoF to develop arrangements for carrying out audits remotely. This led to, what I consider to be, quite an achievement in the delivery of financial audits as we achieved certification of 126 accounts against a target of 149. Of the 126 accounts certified, 56 per cent of audits were delivered within seven months (2019-20: 80 per cent) and 83 per cent within 12 months (2019-20: 88 per cent).

Target 3 - Annual confirmation of compliance with the International Standard on Quality Control (ISQC 1), to ensure that our financial audit has complied with our audit methodology and professional auditing standards.

The quality of work of my Office is fundamental and quality control is built into every aspect of it. The annual confirmation of compliance with the International Standard on Quality Control (ISQC 1) is one component of a larger jigsaw that ensures that quality remains at the forefront of all that we do in both our public reporting and our financial audits.

Leadership on compliance rests with me, and my Chief Operating Officer is responsible for overseeing the design and implementation of quality assurance arrangements; all staff have a responsibility to deliver quality audit work. We also ensure that audit firms who support the Office by carrying out audit or other specific assignments on our behalf on a contractual basis also have policies in place in respect of ISQC 1 quality control arrangements.

We have regular training in place for all staff to ensure that they understand the ethical and professional standards to which they must adhere. We have a compliance partner function in place at the top of the organisation to ensure compliance with the standards and for creating a culture of professionalism, rigour and openness to challenge. The Chief Operating Officer is NIAO's compliance partner.

The Office has a code of conduct where staff have a duty to declare any private interests relating to their public duties and to take steps to resolve conflicts arising in a way which protects the public interest. This must be signed on an annual basis by all staff. We have firm guidelines and measures in place to prevent conflict of interest. In terms of our people, quality is at the centre of all that we do; in recruitment training, learning and development strategy and in our performance assessment system.

For the vast majority of audits, there are two review stages, the first comprising a review of all audit tests and working papers and the second confirming that sufficient and appropriate audit evidence has been obtained to support the recommended audit opinion. Where significant matters arise that requires professional judgement, the Office has a designated Technical Director who can provide guidance before deciding the appropriate response. In such cases, we may also conduct a peer review, completed by an independent director before certification.

All of these procedures and controls work towards the completion of a quality audit that complies with legal and regulatory requirements and professional standards. It is against this backdrop that we conduct an annual financial audit quality assurance programme which covers the work of all engagement directors, including audit work contracted out to private sector firms.

In our 2020-21 exercise a representative sample of eight audits was independently reviewed in the programme. These reviews, which encompassed both central government and local government audit, were peer reviewed by teams from other audit offices and, for the first time, the Institute of Chartered Accounts for England and Wales (ICAEW).

Six of the eight audit opinions were found to be appropriate, with only limited improvements required. However, in two cases reviewers concluded that while the audits were generally compliant with ISAs (UK) and the Financial Audit Manual, there were a number of areas for improvements in the audit approach and/or the evidence obtained.

Training and guidance subsequently provided should address these issues. Areas for improvement have been communicated in a guidance paper, and all financial audit staff have been given time to consider in detail and action matters arising within their audit files. In addition, audit managers have been asked to discuss recommendations and guidance included in this paper with their audit teams.

I am therefore satisfied that lessons have been learned from this exercise that reaches across the whole financial audit function and that an appropriate and proportionate response has been completed. Furthermore I have just recently further strengthened the review process by agreeing that all reviews will be undertaken by ICAEW for 2021 and 2022.

2. Details of any significant work being carried out to address the risk factors identified in relation to the Corporate Plan 2021-24 (making an impact; valuing our people and managing resources; and transforming our business – external and internal)

How we manage risk is detailed in our Risk Management Strategy (RMS) which we review on an ongoing basis. The strategy sets out NIAO's underlying approach to risk management, outlines key aspects of the risk management process, identifies the main reporting procedures, and documents my roles and responsibilities and those of the Senior Management Team (SMT), the NIAO Audit and Risk Assurance Committee (ARAC) and other key parties.

The strategic aims, objectives and priorities of the Office which underpin these vision, purpose and values are set out in the Corporate Plan and cover a rolling three-year period. These are translated into action in the annual business plan. As risk management is a key factor in the achievement of these aims and objectives, it is essential that strategic and operational risks which could affect delivery and outcomes are identified and actively managed. These are outlined in our corporate risk register.

My Office's approach to risk management is guided by professional best practice¹, and takes full cognisance of the context and environment in which it operates. Because of its public profile and the very nature of its work, the Office must uphold the highest standards in its own operations, and be able to stand the test of independent scrutiny and retain its credibility and reputation with the Assembly, audited bodies and other stakeholders. At the same time, it must ensure that it promotes and secures value for money in its use of public funds.

Risk management in NIAO is more than having a set of risk management processes (risk identification and assessment, risk treatment, risk monitoring and risk reporting). It also includes the application of the principles of: governance and leadership; integration; collaboration and best information and continual improvement.

In relation to all of these principles, the Office focuses on proportionate risk management as an integral part of the way it undertakes business activities. Each risk identified is linked to the corresponding strategic priority. It 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. 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.

Throughout my tenure, I have made it clear that risk management belongs to the whole of the Office. I am responsible for ensuring that my office has an effective risk management approach in place and that it is fundamental to how the organization is directed, managed and controlled at all levels. My Senior Management Team (SMT) is responsible for developing and implementing strategy and policies, co-ordinating risk management activities and

¹ HM Treasury's Orange Book on Management of Risk – Principles and Concepts (the 'Orange Book'), DAO 04/20

reviewing and challenging processes, ensuring always that risk management closely integrates with the Office's strategic and corporate priorities.

The Audit Risk and Assurance Committee (ARAC), through my Board, is responsible for supporting and advising me on the strategic processes for risk, control and governance and the Governance Statement and for considering assurances relating to the management of risk. Internal Audit provides independent assurance on the overall adequacy and effectiveness of the framework of governance, risk management and internal control.

I have also established a Corporate Risk Register Working Group which is responsible for directly briefing the SMT, and by extension the ARAC, on risk management developments. The Group is also responsible for the ongoing monitoring and oversight of the corporate risk register, maintaining close collaboration with all stakeholders and ensuring any themes emerging from risk registers that exist at a project level are assessed and considered at a corporate level. It fulfils these responsibilities by meeting regularly (as a minimum on a quarterly basis) to update the corporate risk register for the SMT to consider and endorse.

Staff also have a responsibility to maintain awareness of the risk management strategy and the key risks faced by the NIAO, to proactively report any emerging risks or changes to risks that they identify and to ensure that they carry out any duties relating to controls in place to address risks.

An example of a key risk identified in my Corporate Risk Register is a "Failure to provide timely and high quality outputs to support and promote public sector accountability and improvement." On top of a range of controls I already have in place to mitigate this risk, I have also initiated, with my Senior Management Team, an ongoing programme of assessment of resourcing/pressures for financial audits and public reporting delivery.

Through the application of the system I have outlined, I am confident that I can identify, manage and monitor the risk factors associated with each of the strategic priorities in my Corporate Plan 2021-24.

3. The action being taken in an effort to increase opinion that the Public Reporting Programme addresses salient issues and challenges stemming from the COVID-19 pandemic.

Only last month, I published my updated rolling forward work programme on public reporting. This is my third public reporting programme which covers 2021 to 2023. It builds on the strategic approach we adopted for the first time in 2018, but reflects a more flexible approach in responding to new and emerging challenges in the public sector.

In developing the programme, we provided our elected representatives and public sector bodies with advance notice of our public reporting programme and an opportunity to engage with, and prepare for, the audit process. It also provided an understanding of the NIAO's public reporting priorities and how they reflect the priorities of the Executive.

In coming to a conclusion on our final programme, we reviewed the outcomes of the Programme for Government, identified key risks across central government, considered concerns raised by officials, service users and elected representatives, and our own

experience in identifying significant emerging issues. In consideration of these themes, we ensured that our programme was cross sectoral and not too narrowly focused,

In consulting on this programme, we applied our stakeholder engagement framework where we have committed to open, two-way communication that involves us listening to our stakeholders, keeping them informed and being clear about how their contributions are being used. The framework sets out the standards to which we aspire in building consistent, open and respectful working relationships, and provided my staff with the tools needed to support them through our stakeholder engagement activities in the development of the Public Reporting Programme.

In addressing the covid-19 pandemic and the impact it has had on my programme, I have already produced two overview reports on the NI Executive's response. I am currently finalising reports on PPE and the Small Business Grants Support Schemes and Ministerial Directions (42 of 46 Ministerial Directions issued since March 2020 were on covid-related expenditure). I also published a report during the Summer on Sports Sustainability Grants. In addition I have addressed Covid related issues in reports including Investment in Broadband and studies into Welfare Reform. Additional re-prioritisations may occur as issues arise.

I trust that this response explains the detail that you have requested in your correspondence. However, should you need any further information, please do not hesitate in contacting me.

Yours sincerely,



KIERAN DONNELLY CB
Comptroller and Auditor General



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Mr Kieran Donnelly CB
Comptroller and Auditor General

Issued via email to: kieran.donnelly@niauditoffice.gov.uk

29 September 2021

Dear Kieran

Annual Report and Accounts 2020-2021

At its meeting on 29 September 2021, the Audit Committee considered the *Northern Ireland Audit Office: Annual Report and Accounts for year ended 31 March 2021*.

In preparation for its scrutiny of the forthcoming NIAO draft budget, the Committee agreed to seek further information/clarification on a number of issues:

- In cases where performance did not meet targets (page 29), further information on the reasons why and the steps being taken to address the shortfalls;
- Details of any significant work being carried out to address the risk factors identified in relation to the Corporate Plan 2021-24 (making an impact; valuing our people and managing resources; and transforming our business – external and internal);
- The action being taken in an effort to increase opinion that the Public Reporting Programme addresses salient issues and challenges stemming from the COVID-19 pandemic.

I would appreciate a response by 14 October 2021.

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Yours sincerely



DANIEL MCCROSSAN MLA
Chairperson, Audit Committee

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Mrs Marie Austin
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25 November 2021

Dear Marie

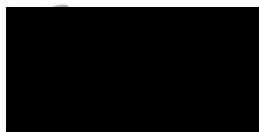
Cost of Contracted Out Audits

Further to our recent meetings with the NIA Audit Committee on 3 and 24 November 2021, I refer to the Committee's request to confirm the percentage of our office's expenditure budget on contracting out audits.

In 2020-21, £1.4 million costs were incurred on contracting out audits, representing 14% of total operating expenditure. In 2021-22, based on forecast anticipated expenditure, contracting out audits will at present amount to 15.4% of total operating expenditure.

I hope this provides the Committee with sufficient information in relation to our contracting out audits, but if you need anything additional please do not hesitate to contact me.

Yours sincerely



Rodney Allen
Director

14 October 2021

Mr Daniel McCrossan MLA
Chair of NI Assembly Audit Committee
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Ballymiscaw
Stormont
BELFAST
BT4 3XX

[by e-mail]

Dear Daniel,

Re: NIPSO Annual Report and Accounts 2020-2021

I refer to your letter of 29 September 2021 seeking further information/clarification on 4 points in preparation for Committee's scrutiny of the NIPSO draft budget for 2022-2023. I will address the points in the order that they are raised in your letter.

Whether KPI 3 is likely to be achievable in the coming year given the increase in cases (Maladministration KPI performance - target 70%, achieved 68%)

On the basis of current performance it is expected that NIPSO will achieve the 70% target for KPI 3 in 2021-2022. NIPSO has seen a 20% increase in complaints year to date and this is leading to a significant increase in complaints progressing to the investigation stages of our process. On the basis of our forecasts we expect additional resources will be necessary to enable us to continue to meet this target in future years. I will therefore be making provision in my draft budget for additional investigative resources and I hope that the committee can support my request.

Details of any significant work being carried out to address the risk factors identified in relation to complaints handling performance (increase in complaints, staff turnover and inefficiencies, uncertainty over future years' resources and inability to mitigate future financial pressures)

NIPSO has undertaken a full review of our case handling process to ensure that it is efficient while remaining fair to both the complainant and the public body. A number of improvements have already been introduced from this review and further changes are being considered. NIPSO has recently introduced a new case handling system with an enhanced reporting capability which it is anticipated will assist with the monitoring of individual, team and organisational performance

In order to deal with issues regarding staff turnover NIPSO has introduced exit interviews for all staff at Investigating Officer grade who leave the office as well as providing a detailed and structured induction and mentoring programme for new staff. New staff who recently joined the office were also interviewed about their induction programme to assess effectiveness and so that improvements can be made for the future.

It is hoped that by moving to a three year budget cycle the uncertainty created by single year budgets will be removed and NIPSO will make more effective decisions to deal with the increased demands placed on our service

Whether COVID-19 alone was responsible for KPI 5 not being met (LGES KPI performance – target 60%, achieved 50%)

A number of factors affected the KPI 5 performance during 2020-2021. The impact of Covid 19 was the primary reason for KPI 5 not being met. The LGES team is a small team and the school closures, the pressures of homeschooling and the disruption to informal and formal childcare in particular had a disproportionate impact on the staff as well as the overall move to home working. The team also experienced issues with staff turnover and a reduction in the resources available.

In relation to financial performance it is stated that all three established KPIs were achieved. However, in relation to KPI 8, the target was 98% but it is stated that 97% was achieved

In relation to KPI 8 the performance achieved by NIPSO was 97% as stated in the annual report and accounts. The narrative explaining NIPSO's financial performance is clearly incorrect and should have stated that two of our KPI's for financial performance were achieved and that we narrowly failed to meet our target in relation to the payment of invoices. I would ask the Committee to accept my apology for this error.

I trust that the information provided is to the satisfaction of the Committee and I will be happy to answer any further question when I present my draft budget to the Committee on the 3 November 2021.

Yours sincerely



MARGARET KELLY
Ombudsman



**Northern Ireland
Assembly**

Audit Committee

Room 254
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29 September 2021

Margaret Kelly,
Northern Ireland Public Services Ombudsman

Issued via email to: Margaret.Kelly@nipso.org.uk

Dear Margaret

Annual Report and Accounts 2020-2021

At its meeting on 29 September 2021, the Audit Committee considered the *Northern Ireland Public Services Ombudsman: Annual Report and Accounts for year ended 31 March 2021*.

In preparation for its scrutiny of the forthcoming NIPSO draft budget, the Committee agreed to seek further information/clarification on a number of issues:

- Whether KPI 3 is likely to be achievable in the coming year given the increase in cases (Maladministration KPI performance - target 70%, achieved 68%);
- Details of any significant work being carried out to address the risk factors identified in relation to complaints handling performance (increase in complaints, staff turnover and inefficiencies, uncertainty over future years' resources and inability to mitigate future financial pressures);
- Whether COVID-19 alone was responsible for KPI 5 not being met (LGES KPI performance – target 60%, achieved 50%);
- In relation to financial performance it is stated that all three established KPIs were achieved. However, in relation to KPI 8, the target was 98% but it is stated that 97% was achieved.

Audit Committee
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I would appreciate a response by 14 October 2021.

Yours sincerely

Daniel McCrossan MLA

Chairperson, Audit Committee

Audit Committee
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Marie Austin
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BELFAST
BT3 9ED
Tel: 028 9081 6216
Email: private.office@finance-ni.gov.uk

Your reference:
Our reference: GM-0876-2021

Date: 18 November 2021

Dear Marie

DRAFT BUDGET 2022-25

Thank you for your letter of 29 October 2021 seeking the Department of Finance's comments on the budget plans of the NIAO, NIPSO and NIAC.

The Department of Finance has examined the plans for the three bodies, and these will be incorporated into the Executive's Draft Budget 2022-25, which it is planned will go out to consultation in early December.

The Committee should be aware that the Executive is having to address significant financial pressures as we emerge from the COVID pandemic. This will involve the Executive having to make difficult decisions, particularly about the need for Departments to make efficiencies in order to release the resources necessary to, particularly, invest in the Health Service.

Given that the spending plans of all three of these bodies would see their resource budgets rise over the three year budget period, the Committee may wish to consider to what extent efficiencies can be delivered by these bodies to offset the pressures which they face.

Following the publication of the Executive's draft Budget 2022-25, which is planned for early December, it will be followed by a twelve week consultation period. It is the Finance Minister's intention that he will then bring the Executive's Final Budget 2022-25 to the Assembly at end of February/early March

Yours sincerely



Pp Andy Monaghan
DEPARTMENTAL ASSEMBLY LIAISON OFFICER



Northern Ireland
Assembly

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From: Marie Austin, Clerk to the Audit Committee

To: Andy Monaghan, Departmental Assembly Liaison Officer, Department of Finance

Cc: Roisín Kelly, Department of Finance
Emer Rice, Department of Finance

Date: 29 October 2021

Subject: Draft Budget 2022-25

1. On 3 November 2021, the Audit Committee will take oral evidence from the Northern Ireland Audit Office (NIAO), Northern Ireland Public Services Ombudsman (NIPSO) and Northern Ireland Assembly Commission (NIAC) on their respective budget plans for the 2022-2025 budget period.
2. Written briefing papers have been submitted by the bodies in advance of the oral evidence sessions, copies of which are enclosed.
3. As part of its deliberations and in line with existing protocols, the Audit Committee will have regard to the views of the Department of Finance (DoF) on the budget positions of the three bodies. Follow-up oral evidence sessions have been scheduled for 24 November 2021. Therefore, to facilitate the Committee's scrutiny, I would welcome views from the DoF on each of the budget plans by **noon on 19 November 2021**.
4. You may also wish to view the Hansard transcripts of the evidence sessions that will take place on 3 November 2021. The transcripts can be accessed at the following link when they become available: [Minutes of Evidence \(niassembly.gov.uk\)](https://www.niassembly.gov.uk/minutes-of-evidence/)
5. The Audit Committee intends to carry out its scrutiny work in line with the agreed timeframe for the Executive budget process and looks forward to receiving confirmation of same.

Marie Austin
Clerk to the Audit Committee

Enc.



**Northern Ireland
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Public Accounts Committee
Room 371

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Email : Lucia.Wilson@niassembly.gov.uk

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From: Lucia Wilson
Clerk to the Public Accounts Committee

To: Marie Austin
Clerk to the Audit Committee

Date: 09 November 2021

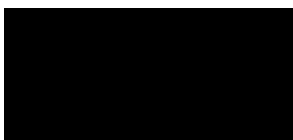
Dear Marie,

NIAO Budget Plan for the 2022-2025

Thank you for your correspondence dated 29 October 2021. At its meeting on 4 November 2021, the Public Accounts Committee discussed your correspondence and the Northern Ireland Audit Office's briefing paper regarding NIAO Budget Plan for the 2022-2025 budget period.

The Committee noted the budget proposals. They are content with your approach and request they are kept updated on the final budget outcomes and associated timelines.

Please contact me if you need to discuss.



Lucia Wilson
Room 371
☎ 21208



Northern Ireland
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Audit Committee
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Tel: 02890 520302
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From: Marie Austin, Clerk to the Audit Committee
To: Lucia Wilson, Clerk, Public Accounts Committee
Date: 29 October 2021
Subject: Draft Budget 2022-25

1. As you are aware, the Audit Committee is responsible for scrutinising and agreeing the annual estimate for the Northern Ireland Audit Office (NIAO) and, in so doing, the Committee also scrutinises the NIAO budget plan as any agreed budget will underpin the estimate for the following year. This role is performed in place of the Department of Finance in recognition of the NIAO's independent status from Executive departments.
2. On 3 November 2021, the Audit Committee will take oral evidence from the NIAO on its budget plan for the 2022-2025 budget period. A written briefing paper has been submitted by the NIAO in advance of the oral evidence session, a copy of which is enclosed.
3. As part of its deliberations and in line with the existing protocol, the Audit Committee will have regard to the views of the Public Accounts Committee (PAC) on the budget position of the NIAO. A follow-up oral evidence session has been scheduled for 24 November 2021. Therefore, to facilitate the Committee's scrutiny, I would welcome views from the PAC on the NIAO's budget plan by **noon on 19 November 2021**.
4. You may also wish to view the Hansard transcript of the evidence session that will take place on 3 November 2021. The transcript can be accessed at the following link when it becomes available: [Minutes of Evidence \(niassembly.gov.uk\)](https://www.niassembly.gov.uk/minutes-of-evidence/)

Marie Austin
Clerk to the Audit Committee

Enc.

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