



Kieran Donnelly CB
Comptroller & Auditor General

Northern Ireland Audit Office

1 Bradford Court
Upper Galwally
Belfast
BT8 6RB

www.niauditoffice.gov.uk

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Peter McCallion
Clerk to the Committee for Finance,
Northern Ireland Assembly
Room 349
Parliament Buildings
Ballymiscaw
Stormont
Belfast
BT4 3XX

01 September 2021

Dear Mr McCallion,

I welcome the opportunity to provide a written response on those aspects of the Financial Reporting (Departments and Public Bodies) Bill that I consider to be relevant and where improvement may be required.

The Bill should facilitate the financial process alignments that are sought by incorporating the income and expenditure of designated non departmental public bodies and other bodies within the estimates and resource accounts of the relevant Northern Ireland departments. This brings Northern Ireland into line with other UK jurisdictions in this regard.

The Bill provides the Department of Finance with broad powers to direct the form and content of estimates and to designate any body to be included in both a department's estimate and resource account. It is important that subsequent designations made by the Department of Finance are appropriately applied and reflect Office for National Statistics' classifications based on control criteria. I will monitor the application of this legislation and directions made by the Department of Finance during the course of my audits of departmental resource accounts.

I welcome the inclusion of clause 8B (2) which maintains the independence of the Northern Ireland Audit Office, and clause 8B (4) which extends my examination of whether resource account financial transactions are in accordance with any relevant authority to also include the financial transactions of designated bodies.

As an improvement, the Bill could include a clause to prohibit designation of a body that is funded from a Consolidated Fund other than the Northern Ireland Consolidated Fund. While it is welcome that clause 8A (5) requires the Department of Finance to consult with HM Treasury where appropriate before designating a body, similar pieces of legislation in other

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areas of the UK ¹ go further to include clauses that prohibit designation of a body that is funded from another Consolidated Fund.

The draft Bill is in line with my understanding and I am not aware of any further measures to be included in order to improve transparency and public understanding in respect of estimates and resource accounts. As previously noted, I will monitor directions made by the Department of Finance under the Bill during the course of my audits of departmental resource accounts.

Yours sincerely



KIERAN DONNELLY CB
Comptroller and Auditor General

¹ Government of Wales Act 2006 section 126A(4) and (5)
Government Resources and Accounts Act 2000 section 4A (5), (6) and (7).