



Northern Ireland  
Assembly

Audit Committee  
Room 254 Parliament Buildings  
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**From:** Marie Austin, Clerk to the Audit Committee  
**To:** Peter McCallion, Clerk, Committee for Finance  
**Date:** 11 May 2021  
**Subject:** Financial Reporting (Departments and Public Bodies) Bill

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Your memo of 25 June 2021 on the matter refers.

At the Audit Committee meeting on 29 September 2021, Members considered responses from the Northern Ireland Public Services Ombudsman (NIPSO) and the Northern Ireland Audit Office (NIAO) providing views, as requested by the Committee, on relevant clauses in the Financial Reporting (Departments and Public Bodies) Bill.

Members agreed to forward the responses to the Committee for Finance for consideration.

Please do not hesitate to contact me if you have any questions.

Kind regards.

**Marie Austin**  
**Clerk to the Audit Committee**  
**Encl.**

23 September 2021

Mr Daniel McCrossan MLA  
Chair of NI Assembly Audit Committee  
Room 254, Parliament Buildings  
Ballymiscaw  
Stormont  
BELFAST  
BT4 3XX

[by e-mail]

Dear Daniel,

**Re: Financial Reporting (Departments and Public Bodies) Bill**

I refer to your letter of 7 July 2021 inviting NIPSO's written comments on the relevant clauses of the Financial Reporting (Departments and Public Bodies) Bill.

As your letter records, the relevant clauses would:

1. allow the Department of Finance to issue directions on the way departments (and, by extension, other bodies including NIPSO and the NIAO) prepare Supply Estimates in order to include the spending of designated Non-Departmental Public Bodies.
2. amend existing legislation whereby the Department of Finance issues guidance on the preparation of departmental resource accounts in order to include information relating to designated NDPBs.

In reviewing the Bill and the accompanying Explanatory and Financial Memorandum I have also noted the Finance Minister's assurance, recorded in the Official Report - 14 June 2021 on the Bill's second stage debate:

*"that my Department is looking into a consequential amendment to ensure that the changes made as part of the Bill fully align with the legislation for the establishment of independent bodies such as the Public Services Ombudsman. It is important that their Estimates align with the process while safeguarding their independence, and we will look to ensure that that is the case over the coming months".*

As you are aware, the independence of my Office from those who are within my jurisdiction is vital in maintaining the trust and confidence of members of the public. The now established principle of scrutiny and approval of my budget by the Northern Ireland Assembly Audit Committee is an essential element of ensuring independence. In order to continue to deliver redress for individuals and contribute to improvement in public services my office requires sufficient resources and the role of the NI Assembly Audit Committee must not be interfered with in that regard.

I welcome the clarity provided in the Minister's statement and my officials have explored with Department of Finance counterparts the implications of this Ministerial undertaking. Following this I am satisfied that the current proposals contained in the Bill combined with the Minister's assurance present no issues regarding the independence of my Office but instead are designed to contribute to a simplification and alignment of budgets, estimates and resource accounts.

On this basis the intention of the Bill is to be welcomed and I have no further substantive comment to make on it.

Yours sincerely



**MARGARET KELLY**  
Ombudsman



**Kieran Donnelly CB**  
**Comptroller & Auditor General**

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Mr Daniel McCrossan MLA  
Chairperson, Audit Committee  
Northern Ireland Assembly  
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01 September 2021

Dear Daniel,

I welcome the opportunity to consider and provide written comments on the Financial Reporting (Departments and Public Bodies) Bill that is intended to incorporate 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. I note it also 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 a department's estimate and resource account. It is important that these designations are appropriately applied and reflect Office for National Statistics' classifications based on control criteria. To this end, I will monitor the application of this legislation during the course of my audits of departmental resource accounts.

Clause 8A(5) allows for the Department of Finance to consult with HM Treasury where appropriate and the Bill's Explanatory Memorandum comments that the purpose of this consultation is to prevent designation of a body that is funded from a Consolidated Fund other than the Northern Ireland Consolidated Fund. However, I note that while similar pieces of legislation in other areas of the UK <sup>1</sup> also provide for consultation, they go further to include clauses that prohibit designation of a body that is funded from another Consolidated Fund. I would encourage consideration of such prohibition within the Financial Reporting Bill.

I note that clause 8B (4) extends my examination of whether resource account financial transactions are in accordance with any relevant authority to also include the financial

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

transactions of designated bodies. I consider this to be appropriate as a consequence of the proposed financial process alignments.

I welcome the inclusion of clause 8B (2) which maintains the independence of the Northern Ireland Audit Office.

Yours sincerely



**KIERAN DONNELLY CB**  
**Comptroller and Auditor General**