



Northern Ireland
Assembly

Audit Committee

Report on the Estimate of the Northern Ireland Audit Office 2016-17

Together with the Minutes of Proceedings of the Committee and other
evidence considered by the Committee.

Ordered by the Audit Committee to be printed on 15th March 2016

Committee Powers and Membership

1. 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 No. 58. The Committee has 5 members including a Chairperson and Deputy Chairperson and a quorum of 2.
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 and personnel, the estimates of the NIAO and lays them before the Assembly; and
 - 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 1087 to the holder of the office of the Comptroller and Auditor General.
3. The Chairperson of the Audit Committee also has a lead role in the recruitment of the Comptroller and Auditor General.
4. The membership of the Committee is as follows:

Mrs Jo-Anne Dobson^{1 2}(Chairperson)

Mr David Hilditch (Deputy Chairperson)

Mr Dominic Bradley³

Ms Michaela Boyle^{4 5}

Ms Anna Lo

¹ Mr Roy Beggs replaced Mr Danny Kinahan as Chairperson of the Committee with effect from 15 June 2015

² Ms Joanne Dobson replaced Mr Roy Beggs as Chairperson of the Committee with effect from 1st September 2015

³ Mr Dominic Bradley replaced Miss Margaret Ritchie with effect from 23rd April 2012

⁴ Mr Paul Maskey is no longer a member with effect from 2 July 2012

⁵ Ms Michaela Boyle was appointed as a member with effect from 17th September 2012

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Report

Introduction

1. Article 6(2) of the Audit (Northern Ireland) Order 1987 provides for the Comptroller and Auditor General (C&AG) to prepare for each financial year an estimate of the use of resources by the Northern Ireland Audit Office (NIAO).
2. Section 66 of the Northern Ireland Act 1998, and Standing Order 58 (1), provide for the Assembly's Audit Committee (in place of the Department of Finance and Personnel (DFP)) to lay that estimate before the Assembly. The Committee may agree modifications to the estimate with the C&AG before it is laid before the Assembly. In carrying out this function the Committee has regard to the advice of the Assembly's Public Accounts Committee (PAC) and DFP.
3. This report sets out the agreed estimate for 2016-17.

Background to the current estimate

4. At its meeting on 2 February 2016, the Audit Committee considered and approved the NIAO's draft Corporate Plan for the years 2016-2017 to 2018-2019. Included in this plan was a section on the proposed resource requirement and the proposed use of resources over the plan period. A copy of the draft plan is included at **Appendix 1**.
5. The draft plan is prepared by the C&AG and it sets out the NIAO's key strategic aims for the next three year period; how the NIAO propose to deliver these aims; the resources that are required by the NIAO to do so; and their key performance measures.
6. The draft corporate plan is an important document for the Audit Committee as it provides the necessary background and context to enable the estimate to be agreed. Given the significance of the corporate plan, the Audit Committee also seeks the views of both the PAC and DFP in relation to it. Copies of their responses to the draft Corporate Plan are included at **Appendix 1**.

7. The Committee was satisfied that the draft plan allowed for the NIAO to continue to hold the public sector to account for its spending through its core activities of the financial audit of central and local government bodies and the provision of value for money reports for consideration of the Assembly.
8. During the briefing the C&AG outlined the effect of the Voluntary Exit Scheme on core business and the need for NIAO to look at another possible VES scheme to rebalance structures in the organisation. The Committee was content with the 2 strategic priorities contained within the Corporate Plan as follows:
- Supporting Change, Innovation and Improvement in the Public Sector
 - Transforming our Business
9. The Corporate Plan also set out the resources that would be required by the NIAO over this period and how those resources would be used. The plan sets out a resource budget requirement of £8.193 million for 2016-17. These details are set out in the tables below.

Figure 3 - Proposed Resource Requirements (Estimate)

	2015-16 Estimate £'000	Plan Period		
		2016-17 Forecast £'000	2017-18 Forecast £'000	2018-19 Forecast £'000
Staff	7,400	7,070	7,160	7,200
Outsourcing (contracted out audits, temporary staff, consultancy)	1,300	1,320	1,210	1,210
Voluntary Exit Scheme	997	565	-	-
General expenditure	1,486	1,664	1,450	1,630
Gross resource requirement	11,183	10,619	9,820	10,040
Income	(2,398)	(2,607)	(2,370)	(2,590)
Net resource requirement	8,785	8,012	7,450	7,450
Increase/(Decrease)	-	(8.8%)	(7.0%)	-
Net resource requirement less VES funding	7,788	7,447	7,450	7,450
Increase/(Decrease)	-	(4.4%)	-	-

Notes

1. The 2015-16 Estimate incorporates proposed Spring Supplementary Estimate adjustments.
2. With effect from 2016-17 staff costs include extra National Insurance payments each year following reform of the State Pension.
3. The National Fraud Initiative will be carried out in 2016-17 and 2018-19, resulting in a fluctuation in General Expenditure and Income between years.

10. At its meeting on 2 February 2016, the Committee agreed that it was content with the draft corporate plan. The agreed plan is being published separately by the NIAO, with a foreword from the Chairperson of the Audit Committee endorsing the plan on behalf of the Committee.
11. In relation to the NIAO's Budget, the Committee wrote to the Minister for Finance and Personnel in December 2015 to outline the important role that the NIAO undertakes and to highlight the savings to date that the NIAO has made in its running costs and recommending a cut of no greater than 5%. The Minister responded to the Committee to state that she welcomed the response of the NIAO and its contribution towards greater efficiencies and savings.

The Estimate 2016-17

12. Further to the corporate plan being agreed, the C&AG has prepared his estimate of the use of resources by the NIAO for 2016-17. The estimate provides for expenditure by the NIAO on "Providing independent assurance on the proper accounting for public expenditure, revenue, assets and liabilities, including compliance with laws and regulations; promotes economy, efficiency and effectiveness in the use of public resources and undertakes exercises to assist in the prevention and detection of fraud".
13. The estimate is attached at **Annex A** and is consistent with the figures set out in the agreed corporate plan apart from a minor £6k increase to the Consolidated Fund Standing Services in relation to the Comptroller and Auditors General's salary and pension costs, this has led to a £6k reduction in resource requirement.
14. As usual, advice was sought from both the PAC and DFP on the estimate. Their responses are included at Appendix 1. Both PAC and DFP informed the Committee that they were content with the estimate. However, DFP raised some issues in relation to a ring-fenced DEL resource allocation of £325k for depreciation which differs from the £215k in the Estimate and that there will be a need to switch £110k from ring-fenced DEL to non-ring-fenced DEL.

15. The Audit Committee met on 8 March 2016 when it considered the estimate prepared by the C&AG, the advice of the PAC and the advice of DFP. The Committee noted that the estimate produced by the C&AG was consistent with the figures set out in the NIAO's corporate plan. After having questioned the C&AG and NIAO staff about the Estimate and after having had regard to the advice of the PAC and DFP, the Committee agreed the estimate at **Annex A** without modification.
16. The publication of this report gives effect to the Committee's function of laying the estimate before the Assembly. The Audit Committee will forward the estimate to DFP so that it can be included with the main estimates.

Annex A - Northern Ireland Audit Office Estimate 2015-16

28th February 2016	NIAO Estimate 2015-16	View online
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Appendix 1- Other Evidence considered by the Committee

	Draft Corporate Plan	View online
3rd March 2016	Correspondence from the Public Accounts Committee	View online
7th March 2016	Correspondence from the Department of Finance and Personnel	View online

Appendix 2 - Minutes of Proceedings of the Committee

8th March 2016		View online
15th March 2016		View online

The information contained in this document is available online at:

www.niassembly.gov.uk

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