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19 April 2021

Dear Daniel

Review of the Governance and Accountability Arrangements for the NIAO

Thank you for your letter of 11 March 2021 seeking further information on my proposal for a single auditor for the public sector; the areas where functions reach across both central and local government; and, details of any accountability gaps that have been identified as a result of the separate accountability arrangements that currently exist.

Firstly in relation to a single public sector auditor, I would draw the Committee's attention to the Auditor General for Wales (AGW), who is the auditor for local government bodies as part of his overall responsibilities for public service audit. This is a relatively recent development and came about as a result of the Public Audit (Wales) Act 2013. With this legislation, the local government audit model moved closer to that which was applied for central government. It was considered that such arrangements would provide greater consistency in audit across the Welsh public sector, safeguard the constitutional independence and democratic accountability of local government and would provide greater clarity for the public in terms of knowing who they can raise concerns with.

The scope of local government in Wales covers a broad range of bodies, including unitary authorities, fire and rescue authorities, national park authorities, police and crime commissioners and chief constables, local government pension funds and town and community councils. Whilst recognising that local government in Wales has wider responsibilities, the Auditor General's remit does include audits of accounts, certification of grant claims and returns, improvement audits and assessments, and local government studies. This, by all accounts, functions well and is a model which would address the concerns I raised around local government audit in my original submission to the Committee.

In relation to functions reaching across both central and local government, practically all of local government activities are connected into central government, By way of example, these activities would include:

- Community Development
- Planning

- City deals
- Health and Wellbeing
- Waste Management
- Tourism
- Job creation
- Economic revitalisation

Many of these are linked into the operations of various central government departments and the wider objectives and intended outcomes of the Programme for Government. Therefore, the establishment of a single public auditor would only enhance the effectiveness of the audit function.

In relation to the issue of accountability, I consider there to be two key gaps which need to be addressed, both of which relate to reporting arrangements.

1. In conducting local government audits, the Local Government Auditor (LGA) may identify themes which cut across multiple local councils. However, under current arrangements, there is no mechanism to report such matters to the NI Assembly; neither to the Committee for Communities, nor the Public Accounts Committee.
2. There is no formal mechanism to deliver reports for the activities, as set out above, which cut across both central and local government.

Under my proposal for one public sector auditor, it would be possible to consider cross sectoral functions and cross council issues in a more joined up and consistent way. In my view a single auditor covering both local and central government would enhance the transparency and accountability of public expenditure.

I trust this addresses each of the issues you have raised; however, should you need any further information, or clarification, please do not hesitate in contacting me.

Yours sincerely



KIERAN DONNELLY CB
Comptroller and Auditor General



**Northern Ireland
Assembly**

Audit Committee

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11 March 2021

Dear Kieran

Review of the governance and accountability arrangements for the Northern Ireland Audit Office and the Northern Ireland Public Services Ombudsman

At its meeting on 10 March 2021, the Audit Committee received oral evidence from a number of experts as part of its Review of the governance and accountability arrangements for the Northern Ireland Audit Office and the Northern Ireland Public Services Ombudsman.

During discussions, the issue of a single auditor for the public sector was raised.

The Committee noted that this issue was also raised in the paper you provided to the Committee on the review of the governance structure of the Northern Ireland Audit Office.

The Committee therefore agreed to write to you to seek further information on the merits of a single auditor for the public sector; the areas where functions reach across both central and local government; and, details of any accountability gaps that have been identified as a result of the separate accountability arrangements that currently exist.

I would appreciate a response at your earliest convenience.

Yours sincerely

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