

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

A Submission by:  
The Chartered Institute of Public Finance and Accountancy

February 2021

**CIPFA, the Chartered Institute of Public Finance and Accountancy**, is the professional body for people in public finance. CIPFA shows the way in public finance globally, standing up for sound public financial management and good governance around the world as the leading commentator on managing and accounting for public money.

Further information about CIPFA can be obtained at [www.cipfa.org](http://www.cipfa.org)

Any questions arising from this submission should be directed to:

Don Peebles  
Head of Policy and Technical  
CIPFA

Tel: +44 (0)131 221 8653  
Email: [don.peebles@cipfa.org](mailto:don.peebles@cipfa.org)

Alan Bermingham  
Technical Manager  
CIPFA

Tel: +44 (0)2890 773600  
Email: [alan.bermingham@cipfa.org](mailto:alan.bermingham@cipfa.org)

## 1. Executive summary

CIPFA is pleased for the opportunity to provide evidence to the committee. As a professional body for public finance we take a special interest in good governance across all sectors and jurisdictions.

CIPFA advocates that there should be full independence from Government for both bodies. This should only be curtailed by the need to ensuring oversight and accountability is in place for both the planning for, effective use of and outcomes achieved from the use of public funds. The Committee should recognise in its review that both bodies ultimately report to the people and organisations that fund and access public services.

Independence for the NIAO should be consistent with the independence principles set out by International Organisation of Supreme Audit Institutions (INTOSAI). Similarly, accountability for the NIAO should be consistent with the INTOSAI principles on Accountability and Transparency.

CIPFA recommend further due diligence should be completed in the review, and strengthened where necessary, to ensure the appointment of members and leadership are free from political interest.

This review can provide an opportunity to take stock of current powers and duties for these bodies. Recognising the significant challenges ahead for public bodies, the committee should consider if further powers are needed and the appropriateness of current statutory powers.

Outcomes from this review should support and grow the value brought by these bodies by ensuring an appropriate legal and reporting framework, organisational structure and strategy is in place.

## 2. Independence and Accountability

Under section 2, we have made commentary against each question, in order, raised in the Committees call for evidence from expert witnesses.

### 2.1 *What considerations arise in striking a balance between the independence and the accountability of the auditor general/associated audit offices and of the public services ombudsman (referred to below as the 'statutorily independent officers/offices')?*

2.1.1 As a starting point, it is important that the Committee recognise and understand that Northern Ireland Audit Office (NIAO) perform a vital governance function in holding government bodies to account by scrutinising the legality and accuracy of public accounts. As well as that, the NIAO are also responsible for performance and value for money audit that determines if public funds have been used economically, efficiently, and effectively.

2.1.2 Similarly, the Northern Ireland Public Services Ombudsman (NIPSO) has responsibility to provide independent and impartial examination and investigation of complaints across a range of public services. Both the NIAO and NIPSO report back to the people and organisations who pay taxes to the government and access public services, so that those stakeholders receive

feedback on how effectively their tax money is being used and to have a mechanism to address apparent service failings. To perform that role, independence from Government is essential.

2.1.3 Both bodies are financed through resources allocated from public funds. Therefore, while recognising the essential operational independence of these roles, the committee must balance this against ensuring oversight and accountability is in place for both the planning for, effective use of and outcomes achieved from the use of public funds. This should be set in the context of delivering on what has been previously agreed within the NIAO or NIPSO corporate plans and strategic outcomes over the medium term.

2.2 *What value derives from the independent position of these officers/offices, including for the work of both the legislature and the executive arm of government?*

2.2.1 A core role of the Assembly and its Committees is the scrutiny of the work of Executive Ministers, Government Departments and associated public bodies. The work and reports of the NIAO and the NIPSO are vital to the understanding of and assessment of performance of public services in achieving outcomes for citizens.

2.2.2 With both bodies acting independently of Government, arguably this should support improved confidence in public services. Stakeholders, including the Assembly and wider taxpayers, will know that there is independent scrutiny and that this is based on collection of impartial and objective evidence and a professional understanding of service performance or policy intentions.

2.2.3 The Executive arm of government will be able to ensure statutory obligations for having the appropriate authorisation for spending and ensuring that spending meets policy intentions are met. It will also be able to seek impartial evidence that policy outcomes are being achieved through an authoritative and evidence-based level of reporting.

2.2.4 Value is also derived from the reporting of these bodies to support development of best practice to improve public service delivery. Also, their work is vital to identifying and deterring fraud in public administration.

2.2.5 In support of maintaining the value that is derived from the work of the NIAO and NIPSO is the need for the Assembly and Committees to ensure that the appropriate legal and reporting framework, organisational structure, strategy, procedures are in place for these bodies to ensure their accountability and transparency is upheld. CIPFA therefore welcomes the Committees review of governance and accountability arrangements.

2.3 *What level of independence is necessary to realise the value from these officers/offices?*

2.3.1 CIPFA would advocate that full independence from Government is necessary. In this regard we need to differentiate independence from accountability (see 2.4 below).

2.3.2 CIPFA supports the core principles for independence of Supreme Audit Bodies (SAI), such as the NIAO, set out by International Organisation of

Supreme Audit Institutions (INTOSAI).<sup>1</sup> In considering the potential for review of either statutory arrangements or the existing MoU for these bodies CIPFA would advocate that the principles (set out below) are adopted:

1. The existence of an appropriate and effective constitutional/statutory/legal framework and the de facto application provisions of this framework.
2. The independence of SAI heads and members including security of tenure and legal immunity in the normal discharge of their duties.
3. A sufficiently broad mandate and full discretion, in the discharge of SAI functions.
4. Unrestricted access to information.
5. The rights and obligation to report on their work.
6. The freedom to decide the content and timing of audit reports and to publish and disseminate them.
7. The existence of effective follow-up mechanisms on SAI recommendations.
8. Financial and managerial/administrative autonomy and the availability of appropriate human, material and monetary resources.

2.4 *What level of accountability should apply to these statutorily independent officers/offices?*

2.4.1 Accountability and transparency for both these bodies go hand in hand. Their ability to report transparently on their findings not only helps improve performance and practices, fight fraud and maladministration, but also improves the accountability of government and public bodies.

2.4.2 INTOSAI<sup>2</sup> refer to the concept of accountability being the legal and reporting framework, organisational structure, strategy, procedures and actions to help ensure that:

1. SAIs meet their legal obligations with regard to their audit mandate and required reporting within their budget.
2. SAIs evaluate and follow up their own performance as well as the impact of their audit.
3. SAIs report on the regularity and the efficiency of the use of public funds, including their own actions and activities and the use of SAI resources.
4. the head of the SAI, members and the SAI's personnel can be held responsible for their actions.

---

<sup>1</sup> INTOSAI-P-10: Mexico Declaration on SAI Independence, 2019

<sup>2</sup> INTOSAI-P-20: Principles of Accountability and Transparency, 2019

In this regard, the Committee should ensure that the above measures of accountability are where appropriate contained in the relevant legislative and/or MoU's

2.4.3 The notion of transparency refers to the SAI's timely, reliable, clear and relevant public reporting on its status, mandate, strategy, activities, financial management, operations and performance. In addition, it includes the obligation of public reporting on audit findings and conclusions and public access to information about the body itself.

2.5 *What checks and balances are necessary to ensure both the independence and the accountability of these officers/offices?*

2.5.1 Aside from the points listed in 2.3 and 2.4 above, further checks and balances need to be considered in the areas where separation of responsibilities is required. This will be particularly where there is a need to ensure and maintain appropriate transparency over the use of public money and in the appointment of the leadership for the body or appropriate membership for governance purposes.

2.5.2 Examples of such separation will include:

1. Where the approval of estimates and budgets for resources are separate to the authorisation and allocation of the same resources. This is taken care of by the separation of these functions between the Audit Committee and the Assembly and Department of Finance.
2. Consideration of appropriate separation for the appointment of members to any advisory board or governance body appropriate to the organisation. This is necessary to ensure the absence of political influence in any appointment and that the correct mix of skills and experience are in place.
3. Separation in the process for appointment of the senior leadership of the body. Similar to the point above, to ensure appointment is on merit, maintaining independence and not based on any political preference.

### 3. Governance and Accountability Structures and Safeguards

Under section 3, we are limiting our input to matters of interest to the committee that add value to their considerations and have not been covered elsewhere. Questions on comparisons of accountability and governance mechanisms across the UK have already been extensively covered in the Assemblies Research and Information Service Briefing Papers<sup>3</sup> provided to the committee. Therefore, we will not be repeating those comparisons below.

3.1 Structures in other Jurisdictions

---

<sup>3</sup> [NI Assembly Audit Committee: Research Papers for Public Audit Governance and Governance and Accountability arrangements for the Offices of the Ombudsman in other legislatures](#)

3.1.1 Research<sup>4</sup> informs us that the structures surrounding the set-up and accountability arrangements for national audit institutions varies depending on the countries constitutional model. There are basically three types identified:

1. The Westminster Model – as the name suggests this is the basis of the UK model and used in many Commonwealth Countries. It is also used in Ireland and elsewhere and the usually the SAI will be referred to as the National Audit Office.
2. Judicial Model – found in Latin countries in Europe, Turkey and several Latin American countries including Brazil and Colombia for example. In this model, there exists ‘courts of audit’ or ‘courts of accounts.’ This model may include other state or regional inspectorates that can be identified as the state or regions SAI. They are usually part of any state or regional executive but independent of specific Ministries and Departments.
3. Board or Collegiate Model – found in some European Countries including for example Germany and the Netherlands. Under the collegiate system the SAI, has a number of members who form its college or governing board and take decisions jointly. Collegiate bodies do not have judicial functions. The basic structure of the accountability model is thus similar to the Westminster model, with the key differences being in the internal structure of the audit institution.

3.1.2 Common to research is the recognition that the SAI is independent from Government. However, there are differences in structure and regulation that can inform the considerations of the Committee in its review. These can be particularly important in considering the role of legislation to cover oversight and accountability and/or powers, duties, specific roles and safeguards for individuals or members.

### 3.2 Further Issues for Committee consideration on Structures and Governance arrangements

3.2.1 The following points are aimed at providing the Committee with information to take stock of current arrangements and to consider if changes are necessary to prepare for the challenging environment that is likely to be faced by public bodies going forward. These challenges include dealing with the increasing challenges on climate change and sustainability, increasing use of data and systems in service design and delivery and increasing complexity in major projects, contracting, and working across government.

1. Forward outlook – the vast majority of work completed by the NIAO and NIPSO takes place after public spending or service delivery has taken place. With any major project, new service or even the overall future budgets, should consideration be given to the involvement and risk review from these bodies to plans in advance of spend.

---

<sup>4</sup> Department for International Development (DfID): Briefing on the characteristics of different external audit systems, 2004

2. Powers of sanction – while both bodies can report and make recommendations on their findings. The committee may wish to consider if, under certain circumstances, the body should have further powers to sanction an organisation. This could be in the case of environmental damage or misuse of public funds.
3. Going public – both bodies produce reports either in the public interest (in the case of the NIPSO) or on the results of findings to the Assembly in the case of the NIAO. Given that the bodies are independent, and their key stakeholder is effectively the people or organisations that fund public services, the Committee may wish to consider further transparency issues.

Currently there is little openness during the process of investigation and/or preliminary findings. A further factor is that it may take a prolonged period of time to reach report publication and public access. Therefore, should provision be made for further openness on the process and status of work in progress be made.

- 3.2.2 With regard to the statutory board of these bodies, CIPFA advocates that their work in the governance and accountability framework should be guided by the International Framework for Good Governance in the Public Sector.<sup>5</sup> The Framework is not intended to replace national and sectoral governance codes. Instead, it is anticipated that those who develop and set governance codes for the public sector will refer to the Framework in updating and reviewing their own codes. The framework itself provides a powerful stimulus for positive action.
- 3.2.3 A key part of the work of the board for these organisations is to support, build and strengthen the capacity of the organisation. This is not only in terms of professional audit capabilities or investigative ability but also their organisational capability and their capacity to deal effectively with the external environment including the executive, the assembly and administration, civil society organisations and the media.

---

<sup>5</sup> CIPFA/IFAC: International Framework: Good Governance in the Public Sector, 2014