



Northern Ireland  
Assembly

# Audit Committee

## Legacy Report 2017 - 2022

Report: NIA 205/17-22

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# List of abbreviations and acronyms used in the report

C&AG: Comptroller and Auditor General

DoF: Department of Finance

MLA: Member of the Legislative Assembly

NIAC: Northern Ireland Assembly Commission

NIAO: Northern Ireland Audit Office

NIPSO: Northern Ireland Public Services Ombudsman

PAC: Public Accounts Committee

# Powers and Membership of the Committee

## Powers

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:

- 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 (DoF), the estimates of the Northern Ireland Audit Office (NIAO) and lays them before the Assembly;
- 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 1987 to the holder of the office of the Comptroller and Auditor General (C&AG);
- Exercises the functions mentioned in sub-paragraphs 18(2) and (4) of Schedule 1 to the Public Services Ombudsman Act (Northern Ireland) 2016 in respect of the Northern Ireland Public Services Ombudsman (NIPSO); and
- May exercise the power in Section 44(1) of the Northern Ireland Act 1998.

The Chairperson of the Audit Committee also has a lead role in the recruitment of the C&AG for Northern Ireland.

In 2016, the Northern Ireland Assembly Commission (NIAC) and the DoF sought to reflect the constitutional independence of the Assembly from the Executive. This led to the development of a draft methodology/protocol for setting the Commission's budget. The methodology sets out an approach that is akin to the approach adopted for the NIAO and NIPSO, whereby the Audit Committee provides scrutiny and challenge to the Commission's expenditure plans and reports accordingly, in recognition of the independence of the Commission. The Committee fulfils this role in place of the DoF.

## **Membership of the Committee**

The Committee has 5 members, including a Chairperson and Deputy Chairperson, and a quorum of two members. The current membership of the Committee is as follows:

- Mr Daniel McCrossan MLA (Chairperson)
- Mr William Irwin MLA (Deputy Chairperson)
- Mr Jim Allister QC MLA
- Mr Alan Chambers MLA
- Ms Emma Rogan MLA

# Review of 2017 – 2022 Mandate

## Committee Work Areas

### Draft Budgets: NIAO, NIPSO, NIAC

1. The Audit Committee undertook scrutiny of the draft budgets for the NIAO, the NIPSO and the NIAC, for the years 2020-21, 2021-22 and 2022-25. This scrutiny involved consideration of written and oral evidence from each of the three bodies, consideration of advice provided by the DoF, and in the case of the NIAO, consideration of advice from the Public Accounts Committee (PAC). The Committee fulfils this role in place of the DoF in recognition of the independence of the three non-Ministerial bodies.
2. The Committee published reports detailing its scrutiny of the draft budgets for each of the three bodies for [2020-21](#) and [2022-25](#), and published a position paper detailing its scrutiny of the draft budgets for [2021-22](#).

### Estimates: NIAO, NIPSO

3. The Committee agreed the estimates of the NIAO and NIPSO for 2020-21 and 2021-22, and laid them before the Assembly. This involved hearing oral evidence from the two bodies on their estimates, consideration of advice from the DoF, and, in the case of the NIAO, consideration of advice from the PAC. The Committee fulfils this role in place of the DoF in recognition of the independence of the three non-Ministerial bodies.
4. The Committee published reports in [2020](#) and [2021](#) to give effect to its function of laying the estimates of the NIAO and the NIPSO before the Assembly.

### Comptroller and Auditor General: Salary Arrangements

5. The Committee tabled a motion for resolution of the Assembly in relation to the salary payable to the C&AG.
6. At its meeting on 15 December 2021, the Committee considered the salary payable to the C&AG. Following consideration, it agreed that the salary to be

paid, under Article 4(1) of the Audit (Northern Ireland) Order 1987, to the holder of the office of C&AG, should be the same as that approved by the United Kingdom Government for a judge in salary group 5.

7. Further to its decision on 15 December 2021, the Committee agreed, at its meeting on 16 February 2022, that the increase in salary should take effect from 1 April 2021.
8. The Committee considered this matter again at its meeting on 2 March 2022, having received correspondence from the C&AG regarding remuneration arrangements and asking the Committee to reconsider its decision that an increase in the salary of the C&AG should take effect from 1 April 2021.
9. The Committee noted that previous Audit committees had not brought forward any motions to increase the C&AG's salary since 2014, despite the United Kingdom Government having approved increases to judicial group 5 salaries in subsequent years.
10. The Committee noted that the C&AG's salary might have been considered in 2017, but that, since the Assembly was not meeting, such consideration was not possible. The Committee therefore agreed that the salary for the C&AG should be increased with effect from 1 April 2017, and again from 1 April 2021.
11. The Committee consequently agreed to bring to the Assembly a resolution that the salary payable to the C&AG should be: for each year from 1 April 2017 until 31 March 2021, £150,041, excluding employer costs; and from 1 April 2021, £154,527, excluding employer costs.

## **Northern Ireland Assembly Commission: Thresholds for In-Year Monitoring**

12. The Audit Committee reached an interim agreement with the NIAC in relation to the Committee's input to the NIAC's in-year budget adjustments.
13. The methodology used by the Audit Committee for agreeing the NIAC's annual budget refers to the Committee's input to in-year adjustments: "The submission of the Commission's contribution to Monitoring Rounds and the Spring

Supplementary Estimate will be subject to agreed thresholds between the Commission and the Committee. If these thresholds are not exceeded, the Commission will not seek the Audit Committee's view on its in-year position.”

14. In September 2020, the NIAC proposed that an in-year adjustment of plus or minus 10% of the Commission's agreed budget for a year should be brought to the Committee for its view. The Committee requested details of the rationale for the 10% threshold proposed and an assessment of the level of accountability it would provide in relation to its budget. The NIAC responded advising that the underlying rationale for the figure is to seek to ensure that the threshold is set at an appropriate and practical level. It also expressed a view that the figure of 10% appears to tie in with the approach and the levels of accountability that are adopted in Wales and Scotland.
15. The Committee therefore wrote to its comparator bodies in Wales and Scotland asking for further information on the supplementary budget process and how it works in practice in their respective legislatures. Having considered the responses, the Audit Committee was of the view that the NIAC's proposal did not sit comfortably as a comparison to the positions in Scotland and Wales. The Committee wrote to the NIAC asking if it wished to propose different thresholds in light of the information received from Scotland and Wales. The NIAC subsequently submitted a revised proposal of plus or minus 5% of the opening budget for the Assembly Commission (as agreed by the Assembly in Plenary) as the threshold for seeking the Committee's view on the in-year budget position.
16. The Committee agreed that an in-year adjustment of plus or minus 2.5% to the Assembly Commission's budget is the preferred level of threshold at which the Committee's view should be sought. However, given the limited time remaining in the current mandate, and in the absence of any requirement for the Assembly Commission to seek the Committee's view on in-year adjustments, the Committee agreed the proposal of plus or minus 5% as an interim measure, subject to an early review in the next mandate by the successor Audit Committee.

## **Review of the Governance and Accountability Arrangements for the NIAO and NIPSO**

17. In January 2022, the Audit Committee completed its Review of the Governance and Accountability Arrangements for the NIAO and the NIPSO. A copy of the Committee's report can be found [here](#). The report is a special report to the Assembly under Standing Order [46\(7\)](#).
18. In the course of its Review, the Committee requested and considered written and/or oral evidence from: experts in the fields of public audit and the public services ombudsman; chairpersons of the audit offices in England, Scotland and Wales; the President of the International Ombudsman Institute; chairpersons of the Ombudsman Audit and Risk Committees in England, Scotland and Wales and the Welsh Advisory Panel; the C&AG for Northern Ireland ; the Local Government Auditor; the NIPSO and the Chairperson of the NIPSO Audit and Risk Committee.
19. Following consideration of the evidence, the Committee identified scope for the improvement of the governance and accountability arrangements for the NIAO and NIPSO, resulting in 23 far-reaching recommendations: 2 relating to the work of the next Audit Committee; 16 relating to the NIAO; and, 5 relating to the NIPSO.
20. On 14 February 2022, the Assembly noted the Committee's report and approved the recommendations contained therein.

## **Suggested Issues for the successor Committee**

21. In addition to carrying out its statutory functions, the Audit Committee suggests that the following issues are progressed by its successor:

### **Codification of the Audit Committee's role in agreeing the Draft Budgets of the NIAO, NIPSO and NIAC**

22. The Audit Committee's role with regard to agreeing the NIAO's and the NIPSO's estimates, and laying them before the Assembly, is already codified. However, the Committee intended to codify its role in relation to the scrutiny of the draft budgets for the NIAO, the NIPSO, and the NIAC, by way of an amendment to Assembly Standing Orders. The Committee also considered whether its role should be extended to include agreeing and laying the NIAC's estimates.
23. This work was not completed. Therefore, the next Audit Committee may wish to progress both these issues.

### **Thresholds for In-Year Monitoring: Northern Ireland Assembly Commission**

24. As detailed in this report, the Committee agreed, as an interim measure and subject to an early review in the next mandate, the NIAC's proposal that an in-year adjustment to its budget of plus or minus 5% is brought to the Audit Committee for its view.
25. The next Audit Committee may therefore wish to review, at the earliest opportunity, the level of thresholds that apply to the Committee's scrutiny of in-year adjustments to the NIAC's budget.

### **Comptroller and Auditor General: Salary Arrangements**

26. In 2016, a previous Audit Committee identified the need to carry out a review of the options open to it for determining the C&AG's salary in the future. The review was not concluded due to the dissolution of the Assembly in January 2017. However, the need for a review remains and the next Audit Committee may wish to progress this matter.

## Membership and Quorum of the Audit Committee

27. In January 2022, the Audit Committee wrote to the Business Committee to highlight the difficulties that a membership of five and a quorum of two presented for the Committee in carrying out its functions:

*‘Up until 2016, the Audit Committee met three or four times a year to carry out its budget scrutiny and Estimates function in relation to the Northern Ireland Audit Office. However, since then, the Audit Committee’s remit has widened to include budget scrutiny and an Estimates function in relation to the Northern Ireland Public Services Ombudsman, and scrutiny of the Assembly Commission’s budget.*

*In recent times it has been necessary to schedule monthly meetings of the Audit Committee to allow the Committee to deal with its increased workload including conducting its Review of the Governance and Accountability Arrangements for the Northern Ireland Audit Office and the Northern Ireland Public Services Ombudsman.*

*A membership of five does not allow for fair representation of political parties in the event that apologies for meetings are received. This issue is particularly pertinent at the end of a Mandate when Members have numerous calls on their time, including extra sittings of the Assembly, and apologies are, at times, unavoidable.’*

28. In considering this matter, the Committee noted that it is currently the only Standing Committee with a membership of less than nine members.
29. For the membership and quorum of the Audit Committee to be changed, Standing Order 58(4) would have to be amended. Given the limited time remaining in the current mandate, this matter was not progressed. The next Audit Committee may therefore wish to pursue an increase in its membership and quorum.

## **Governance and Accountability Arrangements for the NIAO and NIPSO**

30. Recommendations 1 and 2 of the Audit Committee's report on its 'Review of the Governance and Accountability Arrangements for the NIAO and NIPSO' are addressed to the next Audit Committee. The next Audit Committee may therefore wish to progress these recommendations.
31. Recommendation 1 asks the next Audit Committee to:
- Consider the level of scrutiny and interchange which is necessary between the Committee and both the NIAO and the NIPSO to enable the Committee to exercise its related statutory functions effectively, including in terms of agreeing, or as necessary proposing modifications to, the estimates for the respective bodies;
  - Further examine the Committee's existing statutory functions in relation to the NIAO and the NIPSO with a view to identifying potential improvements; and
  - Further examine the Memoranda of Understanding which have been agreed between the Committee and the NIAO and the Committee and the NIPSO to identifying potential improvements and changes necessary.
32. Recommendation 2 asks the next Audit Committee to prioritise in its forward work programme the task of identifying and pursuing the appropriate avenues for implementing the report recommendations that require legislation and to undertake stakeholder engagement on implementing the recommendations generally.

## **Engagement**

33. The COVID-19 pandemic has had an impact on the level of engagement between the Audit Committee and comparator bodies. The Committee recognises that such engagement is important to ensure that Members are kept abreast of developments in other jurisdictions. The next Audit Committee may

therefore wish to engage with comparator bodies, in particular, the Westminster Public Accounts Commission which is considering a number of audit reforms.

# List of Appendices

## Appendix 1 – Changes in Membership

Over the course of current mandate, the Audit Committee has had a number of membership changes. These are detailed below:

<b>Democratic Unionist Party</b>	Mr William Irwin MLA, Deputy Chairperson <sup>1 2</sup>
<b>Sinn Féin</b>	Ms Emma Rogan MLA <sup>3</sup>
<b>Social Democratic and Labour Party</b>	Mr Daniel McCrossan MLA, Chairperson
<b>Ulster Unionist Party</b>	Mr Alan Chambers MLA
<b>Traditional Unionist Voice</b>	Mr Jim Allister QC MLA <sup>4</sup>

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<sup>1</sup> Ms Joanne Bunting replaced Mr Andrew Muir as Deputy Chairperson on 16 April 2020.

<sup>2</sup> Mr William Irwin replaced Ms Joanne Bunting as Deputy Chairperson on 14 June 2021.

<sup>3</sup> Ms Emma Rogan replaced Ms Emma Sheerin on 5 October 2020.

<sup>4</sup> Mr Jim Allister was appointed a member of the Committee from 16 June 2020.

## Appendix 2 – Mandate facts and figures

### Committee meetings & visits

Session	Number of meetings held	Percentage minutes public / closed	Number of meetings held outside Parliament Buildings	Number of committee visits
2019/2020	3	Public – 81.31% Closed – 18.69%	-	-
2020/2021	12	Public – 75.42% Closed – 24.58%	-	-
2021/2022	9	Public – 62.56% Closed – 37.44%	-	-

### Committee Inquiries / Reviews / Micro inquiries

Session	Name of report	Committee Report (ordered to print)	Date debated in Plenary (if applicable)
2021/2022	<a href="#">Review of the Governance and Accountability Arrangements for the Northern Ireland Audit Office and Northern Ireland Public Services Ombudsman</a>	26/01/2022	14/02/2022

## Committee Motions Debated in Plenary (excluding Inquiries / Reviews / Membership changes)

Session	Motion	Date debated in Plenary
2021/2022	Salary of the Comptroller and Auditor General	22/03/2022

## Committee Reports (excluding Bill and Inquiry reports)

Session	Name of report	Date (date approved by Committee)	Date debated in Plenary (if appropriate)
2019/2020	Report on the Draft Budgets 2020-21 of the Northern Ireland Assembly Commission, the Northern Ireland Audit Office and the Northern Ireland Public Services Ombudsman	05/03/2020	
2020/2021	Report on the Estimates of the Northern Ireland Audit Office and the Northern Ireland Public Services Ombudsman 2020-21	10/09/2020	
	Position Paper - Audit Committee position to the Finance Minister on the draft Budgets for the Northern Ireland Audit Office, Northern Ireland Public Services Ombudsman and Northern Ireland Assembly Commission	14/12/2020	
	Report on the Estimates of the Northern Ireland Audit Office and the Northern Ireland Public Services Ombudsman 2021-22	11/05/2021	

<b>Session</b>	<b>Name of report</b>	<b>Date (date approved by Committee)</b>	<b>Date debated in Plenary (if appropriate)</b>
2021/2022	<a href="#">Report on the Draft Budgets 2022-25, for the Northern Ireland Assembly Commission, Northern Ireland Audit Office and Northern Ireland Public Services Ombudsman</a>	30/11/2021	

## Witnesses

<b>Session</b>	<b>Number of Organisations who gave evidence to the committee</b>
2019/2020	3
2020/2021	17
2021/2022	3

### Appendix 3 - Expenditure for the period 1 September 2017 – 28 March 2022

<b>Budget area</b>	<b>Details</b>	<b>Expenditure</b>
Committee Travel - committee members and staff travel and subsistence in relation to visits and meetings outside Parliament Buildings	-	-
Advertising	Includes the cost of advertising relating to:	-
External Consultancy	Includes costs associated with committee use of external consultants to assist in consideration of legislation, inquiries, etc.	-
General expenses	Cost of refreshments for committee meetings, committee events, working lunches, seminars, room hire, witness expenses, and conference fees for members etc.	£631.03
<b>All budget areas</b>	<b>All details</b>	<b>£631.03</b>

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