

REQUEST FROM: FINANCE COMMITTEE – RESPONSE TO COMMENTS FROM NIFC ON THE BILL

Point 2 – Members considered the enclosed correspondence from the Audit Committee on the Bill and would request a formal response to the issues raised.

Departmental response –

- The Audit Committee correspondence sets out the responsibilities and functions in respect of the NI Audit Office, NI Public Services Ombudsman and NI Assembly Commission.
- The Department has previously provided the Finance Committee with a detailed overview of the classification, and subsequently the budget setting process. This includes relevant guidance¹ which the Department followed in order to assess and conclude that the Council should be classified as a Non-Departmental public body (NDPB).
- Should the Finance Committee wish to consider the NI Fiscal Council as a Non-Ministerial Department (NMD), the guidance states that there would need to be clear circumstances set out that are unique and specific for it to be classified in this way, and how that assessment differs from that previously of the Department when following the relevant guidance. The Minister of Finance would then need to consider these reasons.
- When considering the independence of the Council, Members will want to take into account the wider arm's length bodies landscape and the already established relationships between bodies and their sponsor Department and their required independence, given there are already many examples of NDPBs across the public sector who require independence, but have a related sponsoring department. Examples include the Criminal Justice Inspectorate NI (sponsored by DoJ), Equality Commission (sponsored by TEO), Commissioner for Public Appointments (sponsored by TEO), Regulation and Quality Improvement Authority (sponsored by DoH), Labour Relations Agency (sponsored by DfE) and Police Ombudsman for NI (sponsored by DoJ).
- The Committee may wish to be aware and consider that, within the guidance, it suggests that an NMD, whilst answerable to the Assembly, still requires a sponsoring Minister² (page 15 in guidance document). The NI Audit Office is not an NMD but rather a corporate sole and does not have a sponsoring Minister.
- The Department notes from the Audit Committee summary table provided that the Committee considers the budget and agrees the Estimates but has no role in commenting on the strategic direction or operational performance of the bodies, nor considers its annual reports. On that basis, should the Finance Committee wish to consider the Fiscal Council as an NMD, the Department would suggest that those considerations would need to take into account the clear lines of accountability, including decision making and performance at the strategic level, in the absence of a direct sponsoring Minister/Department.
- The Department would also like to share some background information³ relating to a report produced by the Institute for Government regarding NMDs and specifically

¹ [Managing Public Money NI](#) and [Classification of public bodies: information and guidance](#)

² <https://www.gov.uk/guidance/public-bodies-reform#classification-of-public-bodies>

³ [IfG report - The strange case of NMDs](#)

refers to the discussion at the Treasury Select Committee when it proposed a NMD status for the Office for Budget Responsibility (OBR) as it was being established. The Treasury rejected the proposition on the grounds that the OBR was too small. The OBR at that stage had 17 permanent staff, more than the Fiscal Council.