

CIPFA CHARTERED ACCOUNTANTS IRELAND (ULSTER SOCIETY) JOINT EVENT



A YEAR IN AUDIT REFLECTIONS FROM KIERAN DONNELLY

(Comptroller & Auditor General)

12th June 2019

N I A O

Northern Ireland Audit Office



Watchdogs that don't bark

Who Audits the Auditors?

- History shows that step changes in auditing usually emerge from the ashes of corporate collapse and audit failure
- Creation of NAO (1983)
- Mirror group pension scandal (1991)
- Collapse of Carillion (2018)
- Independent review of the Financial Reporting Council (Dec 2018)
- Competition and markets authority (CMA) review
- Implications for NIAO

NI PUBLIC SECTOR STANDARDS OF FINANCIAL REPORTING

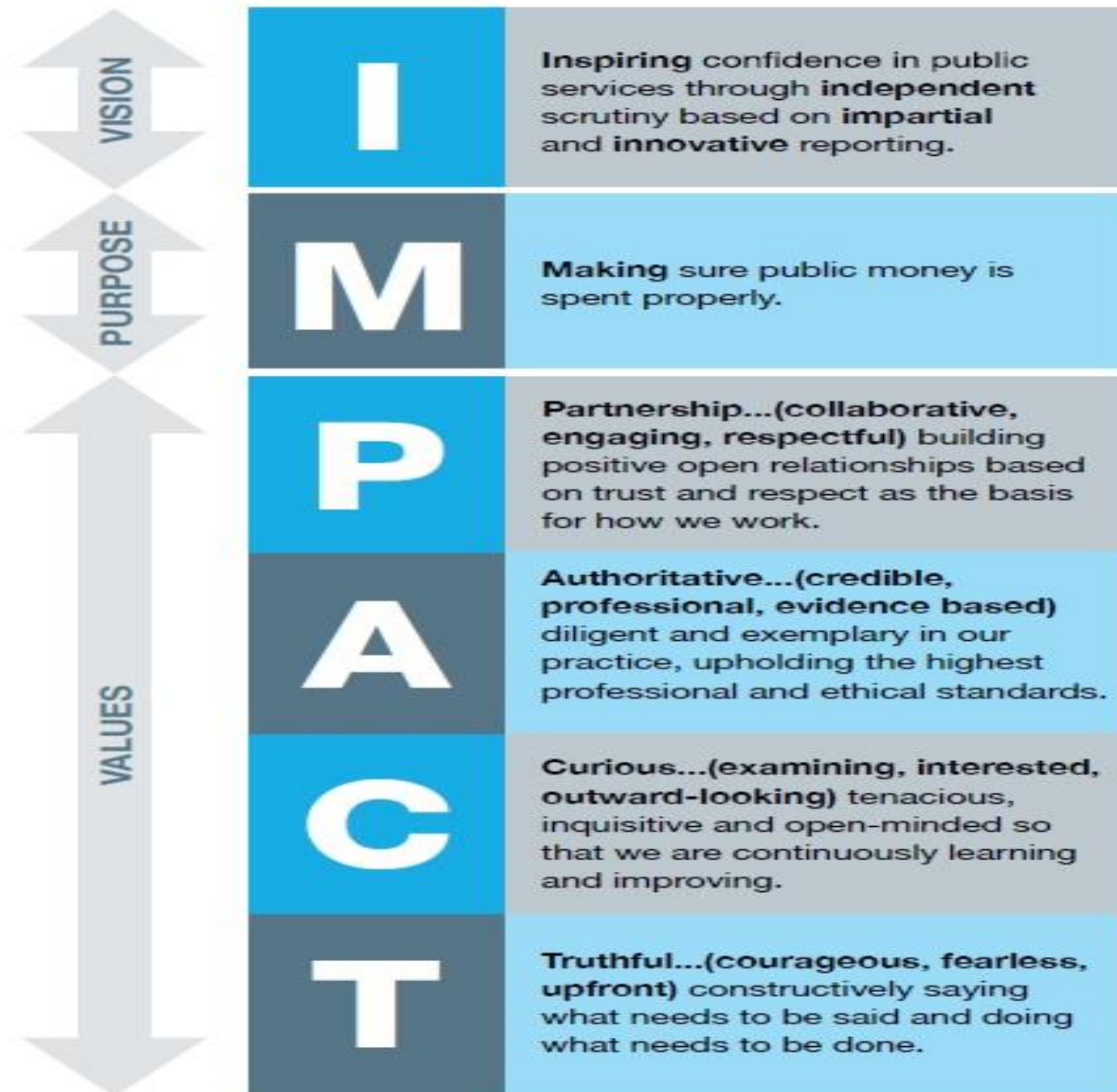


- Long term decline in number of qualified audit opinions (8 last year)
- Quality of draft accounts generally high
- Most large accounts audited before summer recess
- Financial Health Issues
- Fraud



Important changes in the way NIAO operates and conducts its business

Vision purpose and values refresh



3 Strategic priorities



- Provide assurance, add value and promote excellence in public administration;
- Support public sector transformation in Northern Ireland; and
- Transform our business to meet the emerging challenges of the future



Our 3 year Public Reporting Programme



Northern Ireland Audit Office

Product Range

- Mainstream VFM studies
- Investigations
- Follow-up impact reports
- General reports
- Good Practice Guides
- Local Government Reports



Recurrent Themes

- Documentation Standards
- Need for better joined up Government
- Weaknesses in Project Management
- Skills and capability issues (commercial skills and leadership)





What's coming up?

- Digital Transformation
- Major Capital Projects
- Welfare Reform (2)
- Capacity and Capability issues in NICS
- Health Service: Workforce Planning
- Strategic Review of Procurement
- Promoting Entrepreneurship and Business Start-ups

Lessons from RHI



The Accounting Officers Tool Box, is it fit for purpose

- Risk Management Tools
- Project Management Tools
- Economic Appraisal Tools
- Professional Finance Teams
- Clear rules on spending approvals and delegated authorities
- Casework Committees
- Assurance Statements
- Governance Statements
- Internal Audit
- Audit Committees
- Ministerial Directions
- Framework arrangements with Partner organisations





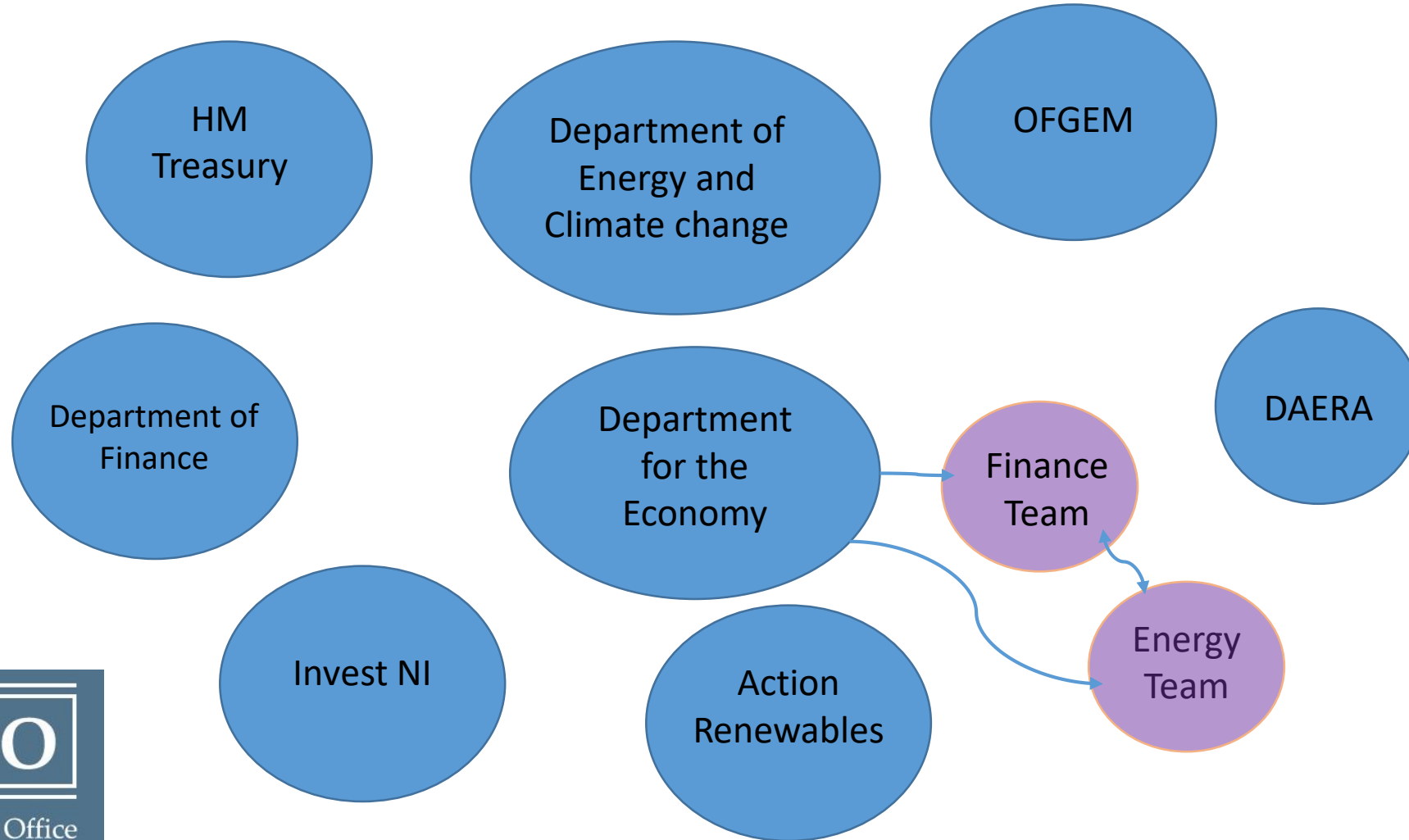
Extract from RHI transcript Thursday 25th October 2018 Dame Una O'Brien

- *“One of the things that struck me is that every single system that was designed to pick up this problem along the way failed to do it, and — I’m not going to go through the whole list — but if you think project management, risk management, internal assurance system, internal audit, quality of advice to Ministers, budgetary control, financial and commercial awareness, whistle-blowers’ concerns — in fact, there was hardly a system that had been put in place over the years to catch things like this that, when tested, came anywhere near to the mark. And, I think, as we study your evidence and the more detail we get, it would be interesting to understand the degree to which that analysis is shared and how far you think those systems need to be adapted. Because it seems quite incredible to ask us to imagine that, somehow, only one project got through all of those systems. There must —. There were generic weaknesses there that meant that no one of these — and I think I’ve only quoted 10, but there were more — that were not able to catch this problem as it developed over the years”.*

Testing the Effectiveness of Internal and External Communications



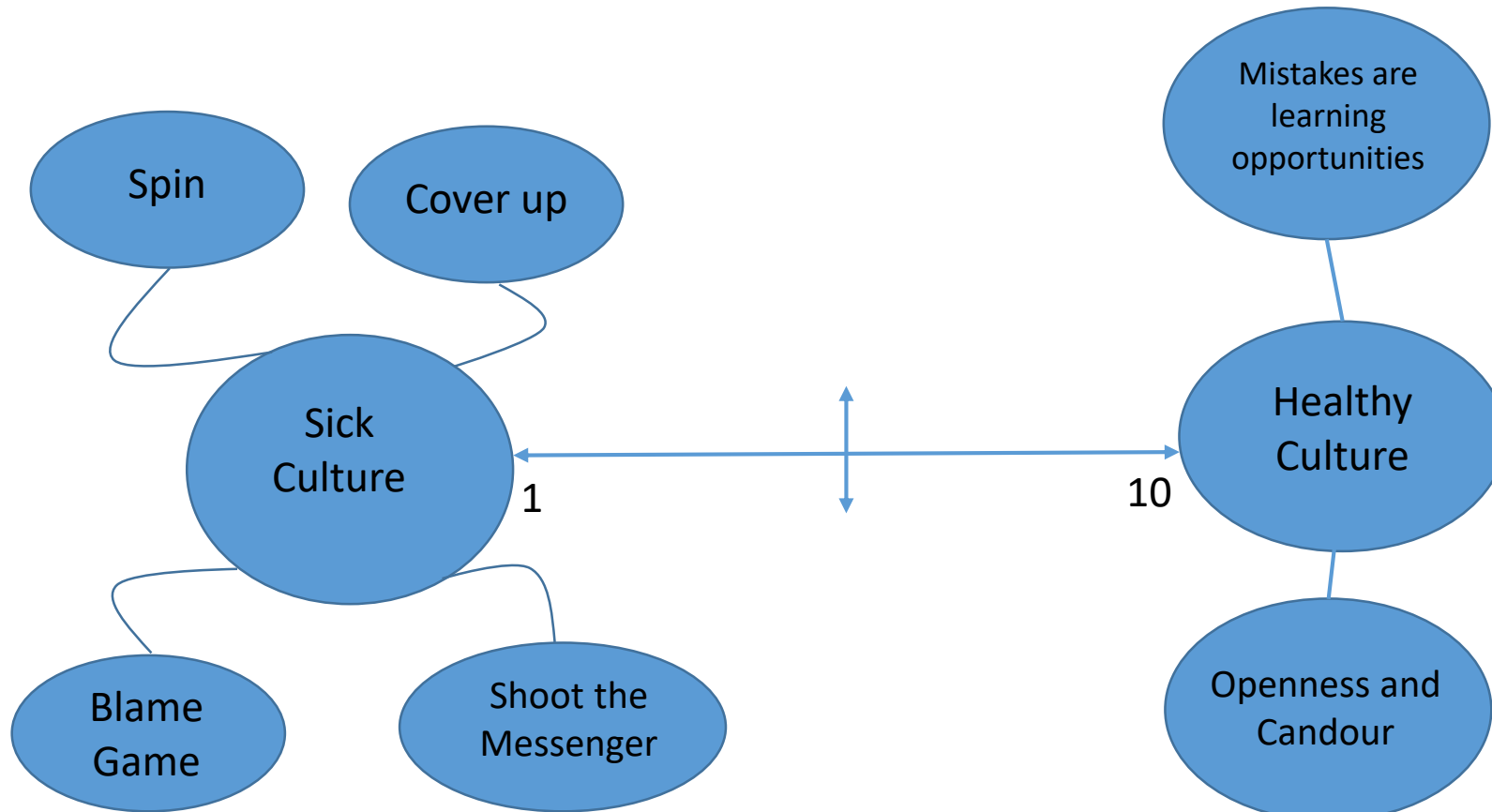
What can we learn from RHI?



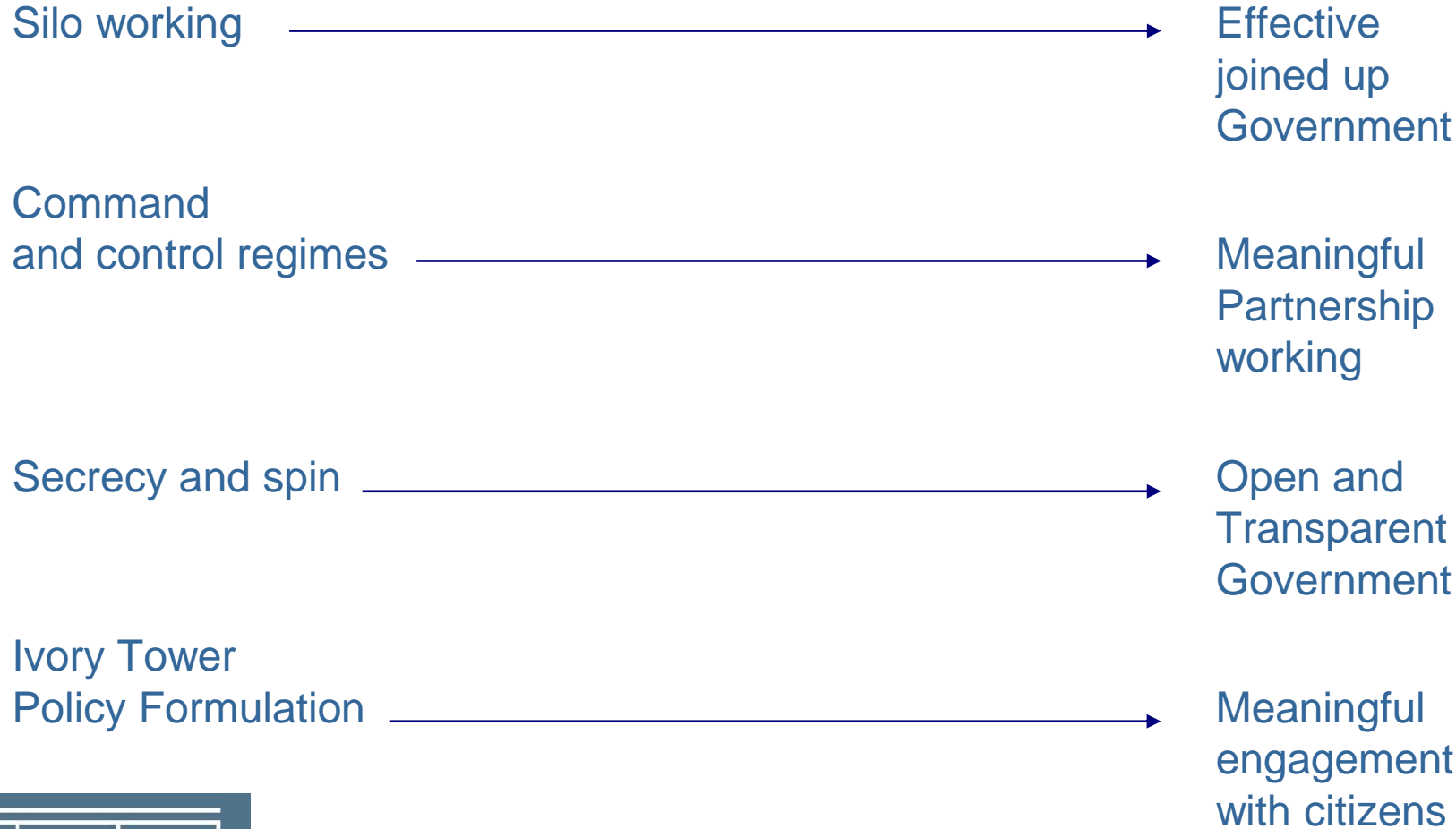


Testing Culture

How do people behave when there is bad news or a serious mistake?



Our public Service is in the Foothills of a Long Cultural Journey



Innovation: Unlocking Potential



Poor Record Keeping

- **Undermines trust in Government**
- **Undermines peoples access to the Public Sector**
- **Often linked to the avoidance of transparency and wrong doing.**



Transparency of Decision Making



- **Specific issues arising out of the RHI Inquiry**
- **Social Investment Fund**



Hot Issues (1)

Records held by third parties

Unintended consequences of Data Protection and FOI Legislation

Blurred boundaries between Public and Private records

Issues around reliability, trust and spin



Hot Issues (2)

The erosion of Corporate Memory

Making sure reliable information is available to the right people at the right time

Huge retrieval issues notwithstanding mega advances in search engine capability

Silo approaches to records management simply do not work?



A Final Word

“If we sit above the turbulence we will see many opportunities to innovate and help engineer transformational change in our Public Services”

