

**AUDIT AND ACCOUNTABILITY  
(NORTHERN IRELAND) ORDER 2003**

**S.I. 2003 No. 418 (N.I. 5)**

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**EXPLANATORY MEMORANDUM**

**INTRODUCTION**

1. The Audit and Accountability Order (“the Order”) was made on 27<sup>th</sup> February 2003.

**BACKGROUND AND POLICY OBJECTIVES**

2. The Order is designed to reform and update existing audit arrangements for public sector bodies in Northern Ireland.
3. The Order follows on undertakings given during the passage of the Government Resources and Accounts Act (NI) 2001 in the Northern Ireland Assembly and forms an integral part of the Government’s response for Northern Ireland to the recommendations of the Sharman Review of Audit and Accountability.
4. The main aims of the Order are threefold:
  - a. to transfer the audit of a residual number of statutory Non-Departmental Public Bodies (NDPBs), of which the Comptroller and Auditor General for Northern Ireland (C&AG) is not already auditor, to him;
  - b. to grant the C&AG statutory access to documents held by certain third parties for the purposes of his audit and value for money (VFM) work; and
  - c. to reorganise the structure of health service and local government audit in Northern Ireland.

**CONSULTATION**

5. A consultation was launched in September 2001. The closing date for written responses of November 2001 was extended to 4 January 2002. A total of 56 written responses were received, including replies from Northern Ireland government departments, district councils, voluntary and community organisations, professional bodies and individuals. A copy of the consultation document and summary of responses was placed in the House of Commons Library.
6. Consultation responses were received from the Northern Ireland Assembly’s Audit Committee and Public Accounts Committee, as well as from the Committee for Finance and Personnel.

**OVERVIEW**

7. The Order has nine Articles and three Schedules.

## **COMMENTARY ON ARTICLES**

8. The commentary on articles is not intended to be complete. Where no additional explanation or clarification is necessary, none is given.

### ***Article 3: Access to information for purposes of audit by Comptroller and Auditor General***

Article 3 provides that, in the course of a statutory audit or VFM study of any body the Comptroller and Auditor General shall have a right of access to documents relating to the accounts of the body, which are held or controlled by the body, certain of its agents, or certain third parties. These are defined as bodies which have received financial assistance from the audited body, or are in a contractual or sub-contractual relationship with it. A catch-all order-making power is provided for the Department of Finance and Personnel to provide for cases not falling within the ambit of the legislation, on consultation with the Comptroller and Auditor General and having regard to the views of the Public Accounts Committee.

### ***Article 4: Access to documents of third parties: restrictions and exclusions***

Article 4 provides restrictions and exclusions on the power in Article 1. The C&AG may only exercise his power where it is necessary and reasonable to do so. Documents may not be sought from individuals receiving monies by way of social security benefit or other grant for their personal support. The Department of Finance and Personnel is granted an order-making power to exempt grants for personal support not listed in the legislation. Additionally, the provision does not apply to documents held by central government or bodies audited by the Comptroller and Auditor General in London, out of respect for his jurisdiction.

### ***Article 5: Additional public bodies whose annual accounts are to be subject to audit by the Comptroller and Auditor General***

Article 5 sets out the major NDPBs which will in future be audited by the C&AG, and which he does not already audit. An order-making power is provided for the Department of Finance and Personnel, to allow it to make provision for other or future bodies funded entirely or substantially from public money to be audited by the C&AG. Such order must be laid before the Assembly and made only after consultation with the C&AG.

### ***Article 6: Reorganisation of health service audit***

Article 6 repeals and re-enacts the main statutory provisions relating to Health Service Audit. It transfers the health service audit function from the Department of Health, Social Services and Public Safety (DHSSPS) to the C&AG.

### ***Article 7: Reorganisation of local government audit***

Article 7 repeals and re-enacts the statutory provisions by which the Department of the Environment (DOE) appoints local government auditors, to reflect the fact that in future they will be the employees not of the DOE but of the Northern Ireland Audit Office (NIAO).

### ***Article 8: Transfer of staff to Northern Ireland Audit Office***

Article 8 provides for the staff currently employed by DHSSPS in health service audit or by DOE in local government audit to be transferred to the employment of the NIAO.