



Northern Ireland
Assembly

Audit Committee

OFFICIAL REPORT (Hansard)

Budget Plan 2020-21:
Northern Ireland Audit Office

13 February 2020

NORTHERN IRELAND ASSEMBLY

Audit Committee

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Members present for all or part of the proceedings:

Mr Daniel McCrossan (Chairperson)
Mr Andrew Muir (Deputy Chairperson)
Ms Emma Sheerin

Witnesses:

Mr Kieran Donnelly	Comptroller and Auditor General
Mr Rodney Allen	Northern Ireland Audit Office
Ms Pamela McCreedy	Northern Ireland Audit Office

The Chairperson (Mr McCrossan): I welcome from the Northern Ireland Audit Office (NIAO) Mr Kieran Donnelly, the Comptroller and Auditor General (C&AG); Ms Pamela McCreedy, chief operating officer (COO); and Mr Rodney Allen, director of corporate services. I invite you to make a short opening statement.

Mr Kieran Donnelly (Comptroller and Auditor General): Thank you very much, Chairperson. It is a pleasure to be back with the Committee to give an account of the Audit Office's work. I will start by picking up on the Clerk's briefing on the importance of the Committee's role in approving the Audit Office's budget. In our view, that is crucial to copper-fastening our independence. My office is very much anchored in the legislative arm of government rather than the executive arm, but it was not always that way.

We have had an Audit Committee since the Good Friday Agreement. Prior to that, in the 1980s, under direct rule, there were radical public audit reforms. At Westminster, a special Committee of Parliament was created specifically to consider the budget of the National Audit Office (NAO). The rationale for that was that the determination of my office's budget would lie with the legislative arm — the Assembly — rather than with the executive arm of government, which here would be the Department of Finance. That point of principle is really important.

I will pick up from where we left off three years ago. Then, the deliberations between my office and this Committee were very much in the context of austerity and how my office would deliver its ambitious programme of work within the context of a reduced funding envelope. To cut a long story short, we have achieved quite a lot by radically changing our office's business model and undergoing some significant transformation work. As part of that process, our office recruited a new COO. Part of her role is to drive through transformation. I will pass over to Pamela to talk the Committee through some of the things that we have been doing in the office over the past couple of years.

Ms Pamela McCreedy (Northern Ireland Audit Office): You have the first-day brief, so thank you. It is good to meet you this morning and share with you some of the work of the office. You will see me

turning the pages of the brief. I will not talk to every word on the page, but we will use it as a guide, because it is an easy way in which to flow through the opening statement.

In the briefing paper, Kieran has provided the background to the office and his role. The chief operating officer post replaced three assistant auditor generals and changed the structure of the organisation. I am also designated Local Government Auditor, so I have that aspect to my work. You will be familiar with the work of the office from a financial audit perspective. It performs the audit of the financial statements for central and local government. You and your colleagues on the Public Accounts Committee (PAC) will also be familiar with our public reporting work. We produce value-for-money reports. We review the economy and the effectiveness and efficiency of government. We also report on performance for local councils and have a strong counter-fraud arm in the office that we have been operating since 2012 around the national fraud initiative (NFI) and matching data.

This was a revelation to me when I joined the Audit Office, but we interface with MLAs in the widest sense and with citizens, and we respond to issues that are brought to us, whether they be concerns or facts that people want to bring to our attention. We look into and investigate those issues.

The document contains the legislative remit under which the C&AG and the office operate. I will not go into that, as you will be familiar with it.

We took the opportunity in early 2018 to take a step back and refresh and renew our strategic framework. We still operate within our statutory framework, but we took the opportunity to state where we are going as an organisation and what that looks like. I noticed the word "IMPACT" on Emma's screen when I was sitting behind her: that is what we came up with. The "I" is our vision for the organisation, which is "inspiring confidence in public services". Most important in our language today is that:

"independent scrutiny based on impartial and innovative reporting."

As to the purpose, we are there to make sure that money is spent properly, with a little bit of "Call it as we see it".

Once we had a clear vision of where we were going as an organisation, we identified three strategic priorities, and those are in the little red diamonds at the top of the next page at point 17. First and foremost, the purpose of the office is to provide assurance, add value and promote excellence in public administration. It is about providing assurance that the north of £25 billion of expenditure in the Northern Ireland system is spent properly. We support public sector transformation throughout Northern Ireland. Knowing that those are our two key priorities, we took an inward look and asked, "How, as an organisation, do we respond to that and make sure that we are fit for purpose, going forward?". Our third strategic priority is around transforming our business to respond to that.

Kieran touched on the restructuring. Aspects of that were discussed at the previous Committee session, and that restructuring has been quite significant in the organisation. Our organisation's shape has inverted. We have significantly restructured. We availed ourselves of the voluntary exit scheme to enable that to happen, but we targeted the scheme at senior roles — director and manager roles etc — while protecting the auditor grades etc. In the past couple of years, we have invested heavily in apprenticeship and graduate trainee schemes to get an organisational structure that, we believe, is fit for purpose.

There has been a lot of energy around the future of audit, which involves things such as the use of data analytics. As a chartered accountant, I am not now null and void, but we recognise that, in these digital times, we can augment our work with data analytics, and our teams of people then provide the added value. It is important that I take the opportunity to say how proud I am of the Audit Office staff and how they have embraced that. They have done heavy work with us through the staff survey, outlining things like looking at the roles of the staff in the organisation. They have been heavily involved in that process, and that has been very fruitful. Staff have been very committed and supportive and are totally engaged in the business transformation work that we have done. That work is now reaping rewards.

Just below that page, it outlines that business transformation. I am sure that we will pick up on some of that in the q and a. We have touched on digitalisation. It is very much from a people perspective. If you change the operating model of an organisation that is predominantly people-focused, it is important that you pay attention to getting the processes right. We have been heavily involved in that, as well as in public reporting and our governance and audit practices, which I will come on to.

On public reporting, as I look to others, the Audit Committee will previously have been familiar with a programme that, the PAC was aware, we were focusing on in the following six to 12 months. We were keen to get on a more strategic footing, in line with the Programme for Government (PFG), and to be open and transparent about what our work is likely to be. We worked on a strategic programme for public reporting, and that is also in the papers. We are on what I would call the "second roll" of that. We started it in 2018. That drew attention to the major studies, with which you will be familiar — the large value-for-money studies — but we sought to augment those in order to be more responsive. We looked at our colleagues in other jurisdictions, and we could see that Members of Parliament, MLAs etc would at times be keen for us to respond in a quick turnaround time — three or four months — and get a report out quickly. We call those our "emerging issues reports". We seek to develop such reports.

In the absence of scrutiny, particularly from the PAC and other Committees, and in order to get traction for some of those reports, we were following them up to determine the impact of their recommendations and what their implementation was achieving.

We have included outputs. I have touched on the main aspects of our work, such as financial audit reports. We have included, for your information, the quantum of those that are coming through. Work has continued to be fulsome and steady over the past number of years.

On governance, we have included in the pack a slight change to some of the governance arrangements that we have put in place, including the appointment of our advisory board. There is also a renewed audit and risk committee working up into that advisory board. More recently, there is a remuneration committee. From early conversations, we know that that will need to be reflected in the memorandum of understanding, so we will need to update it.

Finally, on resources, we have included the headline figures for the past number of years, from 2011-12 through to 2018-19. Our net resource requirement moved by about 26%, from £8.1 million to £6 million. That shows a motivation and incentive in the office to generate efficiencies in what the C&AG referred to as an austere time and to seek to deliver savings. That has been achieved through the flexibility of our workforce. No longer are we in silos where someone does only financial audit or public reporting. That flexibility has made us more efficient and has enabled us to develop staff and have a more diverse workforce. I touched on the voluntary exit aspect and the significant restructuring of the senior management team, which is now half the size that it was four years ago.

You can see our headline Main Estimate figures for 2019-2020. The net resource requirement is £7.5 million, with a forecast out-turn of £6.5 million. For 2020-21, we estimate a requirement of £8.1 million. We have included a section on capital, mainly because the situation probably reads quite differently from how it did a number of years ago. We generally have a very small capital investment requirement, but, again, at previous sessions of the Committee, business cases would have been discussed concerning the utilisation and modernisation of our office, estate and premises. We have progressed that in the interim and included the figures for what that looks like. There is circa £4 million of capital development. Revenue consequences will come with that in the coming years. That is me. I just thought it important to give you a flavour of what the last couple of years at the Audit Office has looked like.

The Chairperson (Mr McCrossan): Thank you very much for your presentation, Kieran and Pamela. Congratulations on your appointment. You are most welcome.

Ms McCreedy: Thank you.

The Chairperson (Mr McCrossan): Members, I should have declared prior to this that I was Deputy Chairperson of the Public Accounts Committee in the previous mandate. I put that on the record now. I enjoyed that role very much. I am familiar with the work of the Audit Office, and I visited it in my capacity of Deputy Chair during that time.

If members are content, we will move on to questions.

Ms Sheerin: I have a question. You referred to the fact that you had downgraded staff. Sorry, not "downgraded" —.

Ms McCreedy: Reorganised.

Ms Sheerin: "Reorganised" is maybe a more diplomatic way of putting it. You focused on technologies potentially making up for the lack of personnel. You referred to the fact that people were no longer working in silos and were crossing over into other areas. I wonder whether that has implications for output. Having worked in an office environment, I know that, when you start to get more responsibilities across departments, things can start to slip. Has that been experienced?

Ms McCreedy: There are two aspects to that. We have invested in data analytics but not at the expense of people, if you know what I mean. We are fortunate that we have good digital access to government data. We want to be able to do more with that and to front-end our audit work. We did reorganise the organisation, but we are recruiting staff back in through the graduate trainee accountant (GTA) and auditor levels. It is not a case of just handing over to the machines, because we cannot do that. We always have to know about and lead on that aspect of audit work.

We have just over 100 staff, so our size explains people working across disciplines on some reports. It can be quite different in the like of the NAO, with 900 staff. It can very much go, "There are 300 people who do that, and there is good efficiency and utilisation in that". For example, one of our directors leads on infrastructure, so the teams now, in many ways, focus on one department. They will be responsible for the financial audit and any of the public reports. It is a mixed team. The insights that come from the financial audit work into public reporting are hugely beneficial. There is an understanding of the sector and of the relationships in teams and between teams and departments. We have found it to be really effective and efficient.

Ms Sheerin: So teams are now divided according to specification or subject matter.

Ms McCreedy: Correct. The strength of relationships into departments, while not compromising independence, is really important. Issues can definitely present themselves through the financial audit that are helpful then to carry into the public reporting world and vice versa.

The Chairperson (Mr McCrossan): Considerable budget is required over the next number of years, as is mentioned in the report and as you mentioned in the presentation. For NIAO accommodation projects, a total of £4.431 million includes 2020-23 capital costs of £3.86 million and 2020-23 decant costs of £0.57 million. What further information is available on the projected costs and benefits of that?

Mr Rodney Allen (Northern Ireland Audit Office): I will take that, Chair. The previous Audit Committee before the Assembly was suspended touched on the need for a new building for the Audit Office. If I may, I will provide a little context on the refurbishment. Our staff numbers used to be about 140 or 145 full-time equivalents (FTEs), but that figure has gone way down to about 100 FTEs. I suppose, simplistically and crudely, that the building, to a certain extent, outgrew us, so there is a need to make better use of the space that we have. A refurbishment will move us forward into an environment in which we will tenant some of the building. We will have a revenue stream coming from one wing of the building being used by tenants, and, as you articulated, the other space in a redesigned environment solely for the new Audit Office.

The numbers that you referred to are the estimated numbers that we took in the past year, in the absence of an Assembly, to DOF and the Northern Ireland Office, setting out what was underpinned by our outline business case. They are estimated figures. We are at the design stage of the accommodation project. Over these months, the design team is looking closely at what exactly the need should be to develop the new structure. In and around the envelope of £4 million is where the figure lies.

The Chairperson (Mr McCrossan): How will the benefits envisaged in that business case be realised? What is the time frame?

Mr Allen: We are ideally looking at decanting towards the end of this year. We need to get out of the existing building at 106 University Street. I hope that you will come and see us in the building, because, if you have been there and seen it, you will feel this in real life. The last time that we refurbished the building was 30 years ago; in fact, that was when the building was built and we moved into it. I operate from an office that, frankly, feels like a suite. It is of a time and an era. We will decant at the end of this year. We will be out for about a year, and, over that period, the contractors will produce the newly designed Audit Office of the future.

A number of aspects relate back to the conversation that we have just been having. We hope that this will even assist us with recruitment. You may think that a bit strange, but we operate in an

environment in which part of our strategy is to attract professionally qualified accountants to supplement growing our own, to which Pamela referred, through apprentices and graduate trainee accountants. It is a tough environment. The, dare I say, younger generation — I am getting to the latter end of my career now — are looking for a very different working environment. The refurbishment will enable us to provide a more vibrant and dynamic situation, which is what they expect. Therefore, there are a number of aspects that will benefit us. Over the period, we will produce a figure estimated to be in excess of £1 million of income, depending on market rates, from tenanting part of the building.

Mr Muir: I always enjoyed working with the Audit Office. In my time on the council, I was chair of the audit committee. In that time, audit has changed. I also worked for Translink for 13 years and briefly, before that, the Arts Council. The world of audit has evolved. It used to be about checking books and seeing how things are, but that has changed. That is why the transformation programme is important, especially around data analytics.

I am impressed. It is really important to show initiative and to change. If an organisation does not adapt, it does not catch the issues that it needs to catch, and it fails. Is there a cost associated with that transformation programme? Do you feel that you have realised the associated benefits?

Ms McCreedy: There are small costs, although accommodation is one element of the transformation programme, and its costs are significant. Elements such as rules, reviews and staff surveys have small costs but are not on a big scale. The unique cost is for data analytics, which you touched on. When I joined the Audit Office, I was already familiar with a scheme run by the Department for the Economy, the small business research initiative (SBRI). We had some conversations about that scheme. The scale of support would have been something like £150,000 to help us with proof of concept. We got into that scheme by about a month. The SBRI team then thought it was too good and said, "We would like to put you forward to the Cabinet Office for the GovTech scheme". That takes you into a different league. We had five providers doing an initial piece on phase 1, which we have just completed. We are waiting to learn from the Cabinet Office the outcome of that, but there will be up to £1 million of funding available to work with potentially two organisations on taking that forward. In addition, we have started to build a team partly internally, which has given an opportunity to some of our staff, who have great capability. We brought in a new person around data analytics; it is maths and statistics and analytic skill. Again — back to Rodney's point — if you are down, we can show you what that is starting to look like. That has been very effective in supporting the audit teams already. They can risk-stratify some of the data and point the audit teams to where the greatest risk is likely to be, and so make better effective use of the audit. It is progressing well.

Mr Muir: Another aspect is that you — I am trying to use the correct terminology — contract out some elements of the audit to different firms. I do not know whether you use the word "consultancy" or whatever else. What are the benefits associated with that? Are you getting good value for money?

Mr Donnelly: We have contracted out a portion of our financial audits for very many years. Historically, the main driver of that was that 95% of public-sector accounts have a common year end in March, so it is peaks and troughs of work. To even out those peaks and troughs, we put 25% up to 30% out to the market. Last year, we reviewed our whole process on that to get the balance right in the market between quality and cost. Last time round, we put a higher premium on quality.

When I contract out a financial audit to a private firm, I still have ultimate responsibility. I sign the certificate, so, effectively, it is a sub-contracting arrangement; the buck still stops with me. When I put a certificate on a set of financial statements, that certificate is addressed to the Assembly — you are the customer — so my people and I have the ultimate quality control. It is important that, when we do that, we have good, sound quality control arrangements. The arrangement works fairly well.

To give you a bit of context, government accounts are, at times, quite convoluted and complicated — maybe more than they need to be. However, over the past 10 years, the Civil Service and other public bodies have improved; they have more internal capability, so we find that the draft accounts that are sent to us are cleaner than they were maybe 10 years ago. That is a good thing; it enables our teams to get in to more of what we call the higher-value-added work.

We do a lot of work that does not come to the Assembly; it is work that we do behind the scenes to support audit committees right across the entire public sector. I have said to the Public Accounts Committee that I see the Public Accounts Committee as the mother of the audit committees, dealing with the big heavy-duty issues. Below that, my staff are, day in and day out, around what I call the audit committee circuit right across central and local government, providing advice and support as well

as challenge, and working with audit committees. Audit committees have been strengthened right across the public sector. We do a lot of good practice work. Rodney was involved a few years ago in producing a good practice guide on board effectiveness. If you come down to the office, you will see some of that good practice work.

We are not there to just critique; we are there to support as well. We do not have an enormous budget to do that, but, where we can eke out a bit of resource, we produce good practice guides — not that many, but they are worth their weight in gold. We can see right across the entire public sector; where we see good practice in one place, we can ensure that that is read across to other parts of the system.

That is some of the stuff that we do behind the scenes.

Mr Muir: That is useful. I noticed that some of the reporting that you have done has improved; it is much easier to understand. The situation, for example, with local government and illustrating the performance of local government, as well as the situation with reserves and stuff like that, are being presented in a much more easy-to-understand fashion. The ability to use new technology has resulted in things being presented in an easier-to-understand manner.

Mr Allen: That relationship with the private sector is invaluable to us. It goes back to the Lord Sharman review of 2001, which recommended that all public audit institutions should put about 25% of their business into the private sector. We benefit, they benefit, and there is a learning experience between us.

We give opinions that the private sector does not necessarily give in its financial statements — for example, regularity — and we move into that space of propriety. I guess they learn from us and we learn from how they are developing their approach. It also creates good internal competitive tension because we have benchmarked ourselves against the private sector rates.

Going to the market recently was an important step for us. The downside was that it generated upward pressure, which is reflected in the finances that we have brought to you. It meant that there was almost a drive by the private sector down to a minimally defensible price. For us to get better quality and add more value to the work that the Assembly does, we have found, after testing the market, that we need to pay a bit more for it, and that is built into the resources that we are requesting.

Mr Muir: The Assembly was not sitting for three years. Now we are back, and there is a backlog of work over what happened in the past three years. There are also situations occurring at this moment in time. My perception is that the role of audit has evolved from financial audit to investigations, good practice and whether things have been run according to those guidelines.

There is a lot of work to be done, which will be demanding of elements of the Assembly. How are you resourced to meet that? The public thirst and demand for thorough investigation is clear. They will also want that work done promptly.

Mr Donnelly: There is quite a lot in that question. *[Laughter.]* The first thing is the statutory work that we have to do, and that consumes 70%-plus of our resource. That is the work on the accounts proper. We have statutory powers to do value-for-money examinations but statute does not tell us how much of that we do or the depth to which we do it.

During austerity, we had to cut our cloth. You said it was good that some of the report was more readable. It is not about quantum or producing a turgid 100-page report that nobody reads. It is a question of getting the messages across, cutting to the chase, getting to the key recommendations and getting traction on them. We have done a lot of work internally on that.

The public service is a big space. We are a small organisation. We are tiny in public-sector terms. We are about 100 staff down from 140 at peak, so I have to use that resource wisely. We have more strategic topics in our three-year forward work programme. In other words, we can get more leverage there and more bang for our buck in making big points. For example, we have a report on major capital projects that was launched before Christmas. That was a strategic look across government. In our forward work programme, we have a strategic review of procurement. We plan a strategic review of the Education Authority. If we get in at that pitch, we think we can make more impact.

The public service is a huge space. Pamela mentioned £25 billion of public expenditure. We cannot be everywhere all the time, so prioritising what we do is hugely important. We have a structured system

for prioritising our work. We get requests from members of the public to do all sorts of things. Sometimes, we have to say no because it would not tie in with our strategic objectives.

Ms McCreedy: I touched on it when you looked to what we are saying we need next year. We anticipate that that needs to grow. We recognise that our figures are now too low to deal with an Assembly back. In my time, I have felt that I am a recruitment organisation. We have been wanting structural change, and that means recruiting to do that. I think that we recognise also that we need at least 10 more people to augment the team to enable that reporting and to respond to the Assembly's needs. We are seeking to address that, as I mentioned, in the types of reports, anticipating how the Assembly and Members would want that. We absolutely recognise that we still have a little bit of growth to gain back to enable us to do that.

Mr Muir: The concern is that this has come in very quickly. I have been doing this for five weeks, and the volume of work that is coming through is significant. It is about ensuring that you are resourced to be able to meet that, because the concern is that, if you are not, how does the PAC effectively discharge its role?

Mr Donnelly: There is one more point on that. We have a very close relationship with the Public Accounts Committee. It is set up to consider our reports. When the Assembly was down, we had costed how much of our time and resource is involved in that, and I think that we came up with a figure of about half a million pounds. That is not a figure for specific people but is spread over a large number of staff, so we support the Committee in its briefing and its deliberations. That is another part of the work that will be resurrected, and we need to be geared up for that.

Ms McCreedy: To assure you a little bit, our engagement with the PAC at the moment is that there are 18 substantial reports in the back catalogue. The PAC will not get to them all, but it will want to get to some of those. We have our current programme coming through as well, so I certainly think that, between now and the autumn at least, there will be no issue of the PAC not having reports to action and address. I think that that gives us time in our recruitment, going into next year, to make sure that those two things are balanced. I think that is where you were possibly going.

Mr Muir: I think that is useful. I have one last one, and I thank the Chair for his indulgence. There are central government resources, by which I mean shared services such as Account NI. Is there a plan to utilise those to share overheads?

Mr Allen: Yes. We do use quite a bit of the central government shared services. I suppose that the main area that we are fully bought into is IT Assist. Our IT support network is predominantly through IT Assist, which services the rest of the public sector, apart from very few organisations such as the Assembly. We use HR Connect to assist us with processing our payroll, and we use property services for contracts for repairs and maintenance in the building, which we talked about earlier. We use the Central Procurement Directorate (CPD) for procurement, and we use the Civil Service pension scheme.

We make as much use as we possibly can of those shared services. There is a little twist in that, if I may, and not to get too technical. Whilst we do that, we have to give due recognition to the professional ethical standards requirements and the C&AG's independence. We have to factor all those judgements into that mix, but we are mindful of shared services and make as much use of them as we possibly can.

The Chairperson (Mr McCrossan): Thank you, Andrew, and thank you for your answers. I am conscious of the time and am keeping an eye on it. I am going to ask a few more questions, but if we send further questions to you, I would hope that you would consider getting back to us with your answers. Is that OK?

Ms McCreedy: We can do that.

The Chairperson (Mr McCrossan): I am interested in the legal constitution of the position of the C&AG, so I have a few questions on that. How does the legal definition of the C&AG as a corporate sole compare with other applicable legislators?

Mr Donnelly: That is a good question. Authority is vested in me rather than in, I suppose, a statutory board. That is the long and the short of it. There are quite a number of other corporate soles, so I am

not unique. The Northern Ireland Public Services Ombudsman is a corporate sole, as is the Police Ombudsman. I suppose it is an old creation and underpins the independence of the role. In some other jurisdictions, particularly in London, a statutory board has been grafted on to the statutory role of the C&AG. There is a whole mixed arena out there of different structures. In our organisation, if we wanted to have a statutory board, we would need legislation. We have strengthened what I call our advisory board, and that advises me and also oversees our in-house audit and risk committee and remuneration committee. We have a governing structure that, in some ways, might simulate what a statutory board would do.

The Chairperson (Mr McCrossan): What type of role does the C&AG advisory board play? How does it differ from the role of an oversight board?

Mr Donnelly: It plays a really valuable role. We had a board meeting on Tuesday. It reviewed and provided insights into our transformation programme. It provides excellent support and advice to me, particularly on transformation. There is a mix of skills; we have a retired partner from an accountancy firm, someone with a huge background in HR, and a senior academic.

Ms McCreedy: What we are saying is that, in the absence of any sort of legislative change around the structure in which we operate, we are trying to simulate a more modern corporate governance approach.

The Chairperson (Mr McCrossan): I appreciate that; it is coming across. I am just trying to establish for the members just where we are at with this. If a legislative board was established, what role do you see it playing?

Mr Donnelly: That is a very good question because, if there was one, it would be very different to the statutory board of an arm's-length body, where maybe the chair would be the front face of the organisation. The remit of the statutory board of the National Audit Office is a bit narrower. It looks at the internal mechanics of the Audit Office.

Ms McCreedy: In many ways, our board does that at the minute. Effectively, it holds the office to account. There is still independence around the C&AG role; it is back to the bits of choosing what studies we do, how we respond to people and that sort of thing. We have been very cognisant of that. We are working on a paper, and, if it would be helpful, we are more than happy to share that with you and get our thinking on that through to you to help to inform further your thinking.

The Chairperson (Mr McCrossan): It would. I am trying to explore in my mind, if a legislative board were established, what the difference and the benefit would be when compared to what we have now.

What was the motivation for the establishment of the remuneration committee?

Ms McCreedy: It was probably me pushing that, so I will answer. One of the great benefits of the office is its independence. You heard us saying that we use NICS pensions, but we are an independent organisation and have our own terms and conditions of employment, pay settlements etc. One of the main things for me is that C&AG will seek my and the team's advice around pay, particularly for the remainder of the staff. I am one of those members of staff. One of the benefits of the remuneration committee is around that independent scrutiny, advising C&AG on what proposals are going forward. It has also been integral and very helpful in the selection of senior staff. We have recently appointed replacement directors into the Audit Office. The committee was a significant part of that. I mentioned the roles review around what everybody does and seeking clarity. Again, it has been very strong on that aspect. It has been really beneficial. It is a check and balance, to be honest. That is the purpose that it provides.

Mr Muir: One thing was around the pay freeze and 1% pay increases and stuff like that. Are there any plans to try to bring it back to a situation where it is a reflection of inflation and the cost of living?

Mr Allen: That is a very live subject at the moment; we are having negotiations and dealing with trade union side. Without taking up too much of the Committee's time, the back story on that was that the C&AG decided at an early point that we needed to step ahead of the service. We took our cuts at a very early point and we took our 1%. Thank you for the question because, yes, we are starting to come out the other end of that and we do have to look at CPI, for instance.

Under statute, we are obligated to look at pay for the Northern Ireland Civil Service and pay for the National Audit Office. We look beyond that. We look at other audit institutions, we look at market rates etc and we negotiate with the trade unions. We have to be looking in and around and move away from the 1%, and we are, actively.

While I have a moment, Chairperson, I am sitting here beating myself up because I did not mention earlier something about the accommodation project, which, understandably, you are very interested in. The cost of that is £4 million-odd, yes. I am the senior responsible officer for that project and it touches on quite a lot of your area of questioning. We need to have the right expertise around us to do that project. In an office with a bunch of accountants trained as auditors, we may not have that expertise, so I just want to assure the Committee that we have reached out more to the centre of government. We are using assistance from the Strategic Investment Board and from CPD through DOF to get the right levels of expertise to assist us with the project. It is not quite shared services, but we have to be very mindful of bringing in the right people to help us.

The Chairperson (Mr McCrossan): Thank you very much. I am very conscious of the time, so I want to thank you all for your contributions. May I ask that the information that we have requested be forwarded along with any further requests that are put to you? We would appreciate that.

Ms McCreedy: We will look forward to seeing you in University Street.

The Chairperson (Mr McCrossan): Thank you very much.