



Northern Ireland  
Assembly

Audit Committee

# OFFICIAL REPORT (Hansard)

Governance and Accountability Arrangements for the  
Northern Ireland Audit Office and the  
Northern Ireland Public Services Ombudsman:  
Dr Helen Foster, Ulster University

10 March 2021

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and the Northern Ireland Public Services Ombudsman:  
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**Members present for all or part of the proceedings:**

Mr Daniel McCrossan (Chairperson)  
Ms Joanne Bunting (Deputy Chairperson)  
Mr Jim Allister

**Witnesses:**

Dr Helen Foster    University of Ulster

**The Chairperson (Mr McCrossan):** You are most welcome, Dr Foster. Thank you very much for your time and for being with us today. I advise you that the session is being reported by Hansard, and the transcript will be published on the Committee web page. I invite you to make some brief opening remarks. Thank you, Dr Foster.

**Dr Helen Foster (University of Ulster):** Thank you very much. Thank you for the invitation to present my evidence to you today. I am a lecturer in accounting, but I have a research interest in the area of public accountability, with a particular emphasis on the role played by the Public Accounts Committees in the growing demand for public accountability. As you have my written evidence, I will keep my comments very brief.

Audit offices or supreme audit institutions have a major role to play in the discharge of public accountability as the eyes and ears of the legislature and by following the public pound wherever it may flow. The independence of the auditor from those whom he audits is a legal and professional requirement in the public and private sectors; in fact, it could be argued that, in the public sector, higher standards are demanded. My colleague Professor Heald has already mentioned the importance of independence, but value is derived from the independence of the audit office in a number of ways. First, as the role of the auditor is to provide assurance to the legislature and the public on the use of public resources, trust is required. Independence builds trust and strengthens credibility. However, in order to maintain that trust, the auditor must have exemplary financial procedures, governance and accountability. The level of accountability of the auditors is much higher, and it must be achieved while having regard to the primacy of independence. I have reviewed the governance and accountability arrangements in the audit offices of the UK and further afield, and I have discovered that the arrangements in Northern Ireland are out of line with those used elsewhere and with current best practice arrangements. I have therefore made a number of recommendations.

First, currently, the Comptroller and Auditor General (C&AG) for Northern Ireland holds the position until retirement, and that is not compatible with best practice. I therefore recommend that it become a fixed-term appointment of between eight and 10 years. If a fixed-term appointment is made,

appropriate mechanisms need to be in place regarding the subsequent employment of the postholder. Not having such mechanisms has the potential to bring the office into disrepute. I recommend that the Northern Ireland Audit Office (NIAO) become a corporate body, that the board have a majority of external members and that those members should be appointed by the Northern Ireland Assembly Audit Committee, following a public appointment process. Finally, the Northern Ireland Audit Office is out of line with its peers elsewhere in the UK, in that the external auditors of the Northern Ireland Audit Office are appointed by the Department of Finance, and that arrangement predates devolution. Elsewhere, external auditors are appointed by the equivalent Audit Committee. That is a brief run-through of my evidence.

**The Chairperson (Mr McCrossan):** Thank you very much for that, Dr Foster. We appreciate the evidence that you submitted for us to consider prior to today's session. Thank you for your opening remarks. Before I turn to members, I have a few brief questions. Do you have any view on whether accountability could be improved if there were a single auditor for the public sector as opposed to a separate local government auditor?

**Dr Foster:** Having spent the last few years looking at the auditors, Public Accounts Committees and accountability arrangements in the devolved Administrations, I know that local government in Northern Ireland is much smaller than local government elsewhere, so we are not comparing like with like. The larger local government organisations elsewhere in the UK have very substantial budgets: bigger than the very small budget here. Even in Scotland and Wales, local government, although a separate body, comes under the Auditor General. Audit Scotland provides services to local government and central government, and the same arrangements apply in Wales. I do not see any need to have separation here. I do not think that accountability would be particularly enhanced if that were the case. It would just add another layer.

**The Chairperson (Mr McCrossan):** OK. Thank you. You have recommended that the Audit Office become a body corporate and that the Committee appoint the non-executive members to the board. Professor Heald said something similar. Do you envisage the Audit Office identifying potential non-executive members for appointment by the Committee, or do you think that the Committee should take full responsibility for identifying and appointing those members?

**Dr Foster:** There could be consultation so that you could take advice, but the decisions should rest with the Committee. There is a role for public appointment processes to be followed. At the moment, the appointees, who are advisory only, are appointed by the Comptroller and Auditor General, which is not in line with best governance principles. The chairman was appointed using an advertised public appointments process, but there was, in fact, no requirement for that to take place. What happens in practice may work very well, but you need to have a framework that is not dependent on individuals making the right decision.

**The Chairperson (Mr McCrossan):** That is interesting. Thank you very much, Dr Foster.

Two members are not available today, but we have Jim Allister and Joanne Bunting. Joanne, do you have a question for Dr Foster?

**Ms Bunting:** Thank you, Dr Foster, for your paper, information and recommendations. I will put to you similar questions to those that I put to Professor Heald. I assume that you have seen the Committee's memorandum of understanding (MOU).

**Dr Foster:** Yes, I have.

**Ms Bunting:** What gaps do you identify in that? What is your assessment of it?

**Dr Foster:** Wales and Scotland — in addition, obviously, to Westminster — appointed a corporate board. That is missing. It would be more straightforward if there were a corporate board that reported directly to you, rather than that memorandum, which could be changed more frequently. The corporate board is the standard mechanism used.

**Ms Bunting:** Do you envisage there being issues of career progression for anybody who serves on those kinds of boards?

**Dr Foster:** No. They need to have some expertise. Some of them will have been auditors. There would be a place, perhaps, for having an appointee from another audit office in the UK. A number of candidates would fulfil that role.

**Ms Bunting:** Are there any other gaps that you think should be filled?

**Dr Foster:** The big thing is that there is no fixed-term appointment. I suggest eight to 10 years. Ten years would mean that an appointment ran over two mandates of the Assembly. A really important issue will be the mechanisms that are available after the person steps down as Auditor General. The two that I have looked at in detail are those in Scotland and Wales. In Wales, it is written into the legislation that, after stepping down, the former Auditor General "must consult" a nominee of the legislature. There has not been a consultation since that came into effect, because the previous Auditor General, Huw Vaughan Thomas, had reached retirement age and is not seeking post-retirement employment. It is very clear that the person must consult, regardless of whether the post is in the public or private sector. The person is prohibited from taking up within two years a post with any organisation that is within the remit of Audit Wales.

In Scotland, the legislation is much broader. It depends on the terms and conditions set out by the Scottish Parliament corporate body, and the rules are decided when the appointment is made. My paper included details about the recent appointment, just a few months ago, of the Auditor General. His conditions of employment were that he would consult re new employment within two years. It can be included in the legislation or set at the time of appointment, but that is an area that could give rise to difficulties. I do not necessarily agree with my colleague Professor Heald about the post not being attractive. I think that the Auditor General for Northern Ireland would be an attractive appointment and that quite a number of people would be interested, and not just people from Northern Ireland.

**Ms Bunting:** I have one last question, Chairman.

**Dr Foster:** Sorry, I cannot hear you.

**The Chairperson (Mr McCrossan):** Before you come in, Joanne, I will supplement the last point. Why do you feel that it is such an attractive position for people in Northern Ireland? Can you elaborate on why you disagree with Professor Heald?

**Dr Foster:** I finished a PhD last year that looked at the Public Accounts Committees of the devolved Administrations. I spent four or five years travelling between Scotland, Wales and Northern Ireland speaking to auditors, witnesses and members of Public Accounts Committees. Certainly, the Northern Ireland Audit Office is held in very high esteem, and there is much more movement now than a number of years ago.

**The Chairperson (Mr McCrossan):** OK. Thank you. Sorry for cutting in, Joanne.

**Ms Bunting:** No, you are all right, Chair. I have one last brief question. Professor Heald said that we are starting from a position of strength, with others having embarked on reform because of scandals. Thankfully, we are not in that position. What learning is there from other jurisdictions when dealing with internal issues?

**Dr Foster:** Part of the problem in the other jurisdictions was that there was no term limit. That was a particular problem for the National Audit Office, where the incumbent had been there for 20-plus years, and there were fewer checks and balances than there should have been. There was no corporate board at that stage. A time limit on the appointment might assist with that issue.

When devolution happened, Northern Ireland was in a very different position from the other Administrations. The Northern Ireland Audit Office is very well established. It was established at the creation of Northern Ireland, and it did not have the immediate need for formal arrangements, as was the case elsewhere. It was a bit like 'Blue Peter': "Here is one we prepared earlier". Northern Ireland's office was already up and running, and the Auditor General for Northern Ireland was used to presenting his reports to the Public Accounts Committee in Westminster. We were starting from a very different place. It highlights the issue of people being in a position for a long time.

In Wales, there were a lot of other issues. When devolution started in Wales, it was a very different model. For the first five years, Wales did not even have its own audit office. Sir John Bourn was

appointed, but he was also the Auditor General for England, and he was assisted by the National Audit Office. It was not established in the same way. Governance is so important. You need a challenging board, which Wales did not have. The board probably challenges now but it does not have a statutory footing.

**Ms Bunting:** Thank you.

**Mr Allister:** Thank you, Dr Foster. Your evidence has been very clear.

Your last point was about a "challenging board". Will you elaborate on where you see the ambit and extent of the challenge for a statutory board to the *[Inaudible.]*

**Dr Foster:** Sorry, will you repeat the last bit of your question? Your line broke up a bit.

**Mr Allister:** I want to understand what you see as the ambit of challenge that a statutory board would exercise.

**Dr Foster:** In the Northern Ireland Audit Office, there are two distinct areas: audit quality, the quality of work that it does; and governance. Very often, it has an advisory board to assist with its audit quality. As far as I am aware, there is no issue with the quality of the audit carried out by the Northern Ireland Audit Office. It has internal mechanisms and is peer reviewed. It asks colleagues from other audit offices to review cases, and professional bodies come in to ensure that it has quality control arrangements. To prevent the situation that arose in the National Audit Office, with the auditor having huge expenses etc, the board would deal purely with the governance of the organisation, including the accounts that are prepared. The Auditor General is the accounting officer for the Northern Ireland Audit Office, and the board would provide a challenge on those sorts of issues.

**Mr Allister:** Does that mean that the corporate plan, for example, would be in the ownership of the board?

**Dr Foster:** Sorry, I cannot hear you.

**Mr Allister:** Does that mean that the corporate plan would be in the ownership of the board, rather than in the ownership of the Auditor General?

**Dr Foster:** I would have to think about that. The Auditor General is the accounting officer and signs it off. He signs off the accounts and the report. There would be an element of joint responsibility.

**Mr Allister:** OK. Thank you.

**The Chairperson (Mr McCrossan):** OK. Dr Foster, thank you for your contribution, evidence and the clear answers that you provided to us. We appreciate your attendance.

**Dr Foster:** Thank you very much.