



Northern
Ireland
Office

**Secretary of State for
Northern Ireland**

1 Horse Guards Road
London
SW1 2HQ
T 020 7210 6455
T 02890 160206

Stormont House
Belfast
BT4 3SH

E SoS.Smith@nio.gov.uk
www.gov.uk/nio

Follow us on Twitter @NIOgov

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30 August 2019

Dear Deposited Papers Clerks

I would be grateful if this letter and the attached NIAO Reports could be deposited with both Libraries.

There is a requirement at paragraph 18 to the Guidance on decision-making for Northern Ireland Departments during the period for Northern Ireland Executive formation¹ for the Comptroller and Auditor General to share all Northern Ireland Audit Office reports and recommendations with the Secretary of State for Northern Ireland.

Where applicable, the Northern Ireland Departments will also lay any departmental responses to these recommendations with the Northern Ireland Assembly. The Secretary of State is required to deposit copies with the Library and to promptly share them with the Northern Ireland political parties.

In August, the Northern Ireland Audit Office published their report on the 2018-19 accounts of Government Departments and other Public Sector Bodies. A summary of key findings is attached to this letter at Annex A.

Yours sincerely,

**RT HON JULIAN SMITH MP
SECRETARY OF STATE FOR NORTHERN IRELAND**

Annex A

Summary of Key Findings: Financial and Auditing Reporting on the 2018-19 accounts of Government Departments and other Public Sector Bodies

This report, published on Friday 9 August, by Kieran Donnelly the Comptroller and Auditor General for Northern Ireland (C&AG), informs that 75 of the 80 certified accounts of government departments and other public sector bodies have received an unqualified opinion. Audit qualifications were however made for two central government departments and three other public sector bodies. Key findings for these five Reports are summarised below. The associated Media Release is also attached for reference.

Report by the C&AG - Department for the Economy:

- C&AG has again qualified his audit opinion for the same reasons as the last three years:
 - ongoing weaknesses in controls in the non-domestic RHI scheme; and
 - expenditure incurred without the necessary approvals in place.

Report by the C&AG - Department for Communities:

- C&AG has again qualified his audit opinion due to the level of estimated fraud and error in benefit expenditure (excluding State Pension, which continues to demonstrate a very low level of error).

Report by the C&AG - Northern Ireland Housing Executive:

- C&AG has qualified his audit opinion as a result of estimated levels of fraud in Housing Benefit (as reported in the Department for Communities resource accounts 2018-19).
- Also in highlighting:
 - the need for urgent remedial action to address longstanding weaknesses in NIHE's Human Resources function; and
 - overpayments made to grounds maintenance contractors for land that was no longer owned by NIHE or had a change of use.

Report by the C&AG - Child Maintenance Service:

- The former Northern Ireland Child Support Agency received a qualified audit opinion due to historic levels of error in child maintenance assessments, and insufficient evidence to confirm levels of outstanding maintenance.

Report by the C&AG - Legal Services Agency Northern Ireland:

- The former Northern Ireland Legal Services Commission has continued to receive a qualified

audit opinion every year since 2003 due to a lack of effective counter fraud arrangements and weaknesses in the financial estimates of provisions for ongoing legal aid cases.