From: J M Dowdall
Date: 22 June 1993

Dear Principal Finance Officer

GUIDANCE ON NORTHERN IRELAND AUDIT OFFICE ALTERNATIVE OUTPUTS

1. As well as auditing government accounts the NIAO may from time to time make general recommendations about good practice, organise and provide advice to departments on audit issues. These are usually referred to as NIAO 'alternative outputs'.

2. The attached guidance sets out understandings governing these activities which have been agreed between the Department of Finance and Personnel and the NIAO.

3. Recipients of this guidance are asked to ensure that it is made available to all inside Departments, Agencies and other bodies who may need to be aware of it.

4. Any queries on this guidance note should be addressed to either John Neill or Gerry Crossan, Accountability Branch, Parliament Buildings, 521651 and 521178 respectively.

Yours sincerely

J M DOWDALL

GC4252CM
NIAO ALTERNATIVE OUTPUTS

Note by the Department of Finance and Personnel

1. The NIAO’s "alternative outputs" arise from its financial audits and value for money examinations. Their purpose is to make useful contributions to the consideration of financial and value for money issues by Departments.

2. Alternative outputs may include making general recommendations about good practice on the basis of one or more value for money studies, organising occasional seminars or conferences and participating in events organised by others and providing advice to Departments on audit issues relating to their accounts and about their financial accounting systems.

3. This note sets out certain understandings governing these activities which have been agreed between the Department of Finance and Personnel and the NIAO. In it the term "Department" includes Executive Agencies within a Department. These understandings also apply as appropriate to the NIAO’s dealings with non-Departmental public bodies (NDPBs) and other bodies which it audits or in respect of which it has inspection rights or conducts value for money examinations.

Guidance on Good Practice

4. The publication of guidance on good practice within government is the responsibility of the Department of Finance & Personnel. If the NIAO considers as a result of its financial or VFM work that new central Departmental guidance or amendments to existing central Departmental guidance would be desirable and it wishes to contribute to such guidance, it will discuss the matter with DFP. If DFP agrees, it will then issue guidance, drawing on NIAO evidence to the extent that this is agreed, and with a suitable acknowledgement of the NIAO’s contribution. Such guidance may either be prescriptive or merely advisory; and its status will be made clear.
Guidance to NIAO Auditors
5. The NIAO prepares internal guidance for its own audit staff on how to conduct certification audits and value for money examinations. It is of course for the NIAO to decide what guidance to give its own staff. The NIAO may on some occasions judge it helpful to Departments to give wider circulation to internal guidance of this type. If so, the NIAO will make it clear that the material is for Departments’ information only and does not constitute guidance to them. It may be appropriate for the NIAO to consult DFP before issuing such material.

Seminars and Conferences
6. The NIAO may feel it appropriate to arrange seminars or conferences from time to time on selected topics which Departments generally will be invited to attend if they wish. Their purpose will be to contribute to professional debate in which all participants can learn from each other. The NIAO input will in no sense be prescriptive. Where appropriate the NIAO will consult DFP (in full) about the content and timing of such a seminar or conference before arranging it; in such cases DFP will have the option of being represented at the seminar if it so wishes. More frequently however NIAO is asked to participate in seminars and conferences organised by management consultants and professional bodies and associations. While this also falls within the category of alternative outputs, clearance with DFP or Departments would not usually be required. However NIAO would be expected to ensure that they do not release unpublished information about audited bodies without the body’s permission.

Advice on Accounting Systems
7. Directing or approving the form of Departmental accounts, including those of Agencies and of many non-Departmental public bodies’ accounts, is wholly a matter for DFP. However, Departments should fully consult the NIAO at the earliest possible stage on the audit implications, including the
detailed layout of accounts and the underlying financial and accounting systems. In some cases the NIAO may by mutual agreement second NIAO staff for a period to a Department or other body for this purpose. Departments should, of course, recognise that the provision of NIAO advice does not prejudice the C&AG's right to comment on these matters at a future date.

8. The NIAO is ready to provide any advice which might be expected from an external auditor. However it will not engage in the actual design of accounting or financial management systems or in a wider consultancy role.

Issues arising out of particular NIAO Reports

9. The NIAO may wish to describe in a value for money report the criteria and standards by which a Department's performance is being judged. In such cases the NIAO will discuss and agree the criteria and standards with the Department at an early stage in the examination. Where the criteria are of general application the NIAO may consider it appropriate to consult DFP. Departments should also consult DFP if they consider that the criteria are of general application.

10. Conclusions or recommendations in a draft NIAO report which are addressed exclusively to the Department being studied need only be considered by the Department concerned under the usual procedure for the clearance of draft reports.

11. Occasionally the NIAO may wish to include in a particular value for money report conclusions or recommendations which it feels are of general validity and not confined to the Department concerned. If so, it will consult DFP and seek its agreement to the relevant text.

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