



PROMOTING ACCOUNTABILITY AND THE
BEST USE OF PUBLIC MONEY

The Northern Ireland Audit Office's Mission is to provide objective information, advice and assurance on the use of public funds; and to encourage:

- o beneficial change in the provision of public services
- o the highest standards in financial management and reporting; and
- o good governance and propriety in the conduct of public business.

The Comptroller and Auditor General, Mr Kieran Donnelly, is an Officer of the Northern Ireland Assembly. He is the Head of the Northern Ireland Audit Office which employs some 150 staff. He, and the Northern Ireland Audit Office are totally independent of Government. He certifies the accounts of all Government Departments and a wide range of other public sector bodies; and he has statutory authority to report to the Northern Ireland Assembly on the economy, efficiency and effectiveness with which departments and other bodies have used their resources.

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Northern Ireland Policing Board Account

Year ended 31 March 2011

Report to those charged with Governance Audit results

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1. Executive summary

Our audit is now complete and the Comptroller and Auditor General (C&AG) provided an unqualified audit opinion. No report on the account was required.

We would like to draw to the attention of those charged with governance, in particular to issues noted in paragraphs 5.1, 5.2 and 5.3, as a result of our audit.

In accordance with our undertaking in our Audit Strategy issued on 21 March 2011, we have now completed our processing of personal data for audit purposes and have either returned it to you or have destroyed it via secure disposal methods.

In undertaking this audit all personal data pertaining to the audit has been processed by ourselves.

2. Introduction

The purpose of this report is to provide those charged with governance, both management and non-executives, with the results of our audit work on the Northern Ireland Policing Board Account for 2010-11 and our recommendations for action. The report sets out:

- ◆ our audit conclusion;
- ◆ the outcome of our response to the key risks set out in the previously provided Audit Strategy; and
- ◆ management's response to our recommendations;
- ◆ our ISA 260 Report.

There were no specific lesser audit findings that we have shared with the Corporate Services Director and Finance Manager.

This document is purely for the use of Northern Ireland Policing Board and our prior consent should be sought before any distribution either in full or in part is made. The Northern Ireland Audit Office does not accept responsibility to any third party for losses arising from reliance being placed upon this document.

3. Audit Conclusion

Our audit is now complete and the Comptroller and Auditor General (C&AG) provided an unqualified audit opinion. No report on the account was required.

4. Key risks identified in Audit Strategy

In our Audit Strategy presented to those charged with governance, we identified a number of risks that related to the Northern Ireland Policing Board as an organisation and, in addition to these risks, others that related to individual account areas. In the strategy, we also outlined how we were going to consider further how Northern Ireland Policing Board has addressed these risks. The following section includes details of the previously identified risks relating to Northern Ireland Policing Board as an organisation and to individual account areas, and our audit response as previously provided in the Strategy. In addition we now provide the outcome of our testing, with any resulting recommendations. Each recommendation has an assigned priority rating as follows (where applicable):

1. Significant weaknesses which should be addressed immediately
2. Weaknesses which are not fundamental but should be addressed as soon as possible
3. Improvements that represent best practice

Where we believe that the risk remains outstanding, we have made a recommendation which we believe that management should adopt, and we have provided an opportunity for management to respond.

Key Risk 1 – Grants
District Policing Partnerships (DPP) – the Northern Ireland Policing Board needs to ensure that any grants paid/expenditure incurred is in accordance with the relevant legislation and that its recognition is in accordance with accounting standards. This is quite a complex area which has raised audit concerns in the past.
Audit Response
We documented the process and key controls over DPP grants and evaluated their effectiveness. We relied on the work undertaken by Local Government auditors within NIAO for this area. A clearance certificate has been obtained and agreed to the Financial Statements.
Outcome
Although the Local Government Audit within NIAO identified some issues in this area, they were minor in nature and did not require any adjustment to the audited figures.

Key Risk 2 - Procurement/Single Tender Actions

The implementation of procurement procedures is often an area of weakness within public bodies. There is a risk that NIPB may not have applied correct procurement procedures.

Audit Response

We focussed our testing on payment authorisation, procurement procedures and contract variations to ensure they are in accordance with relevant guidance/current policy (for example the requirements relating to Single Tender Actions).

We considered whether the sample selected has complied with best practice, for example in considering Business Cases and whether Post Project Evaluations have been undertaken, where required.

We also undertook a review for any disputed contracts and FOI requests dealing with procurement issues.

Outcome

Our audit of procurement procedures identified a number of issues with procurement within NIPB. These issues are explained further in 5.1 and 5.2 below.

Key Risk 3 - Funding Pressures

Due to the current economic climate, public sector bodies are under increasing financial pressure to reduce costs and meet the constraints put on their budgets. As a result, NIPB's budget cover is likely to come under increasing pressure in delivering its strategic objectives. There is therefore a risk that accruals and provisions may be incomplete.

Audit Response

We reviewed Board minutes and considered key budgetary controls in place, especially as these controls operate across the organisation and are managed by different staff members.

We also conducted direct substantive testing of a sample of transactions to check for cut-off and completeness. We also examined explanations for variances for consistency with NIPB's activities in the period.

Outcome

We did not note any instances of incomplete or missing accruals or provisions during our audit work.

Key Risk 4 - Devolution of Policing and Justice to the NI Assembly

New delegation regime – NIPB now falls under the remit of the NI Assembly and the delegations set by DFP. There is a risk that NIPB does not apply the new reduced delegation levels for expenditure in the period.

Audit Response

We performed direct substantive testing of a sample of expenditure for areas where key delegation limits are set and tested for NIPB's compliance with the new arrangements.

Outcome

Although our testing of hospitality during the 2010-11 year did not show any irregularity, we noted that there was an irregular payment made during the 2009-10 year. This was identified from an Internal Audit review and is detailed at paragraph 5.3.

5. Significant observations identified during audit work and recommendations to management

We reviewed the accounting systems and management controls operated by the Northern Ireland Policing Board only to the extent we considered necessary for the effective performance of our audit. As a result our review may not have detected all weaknesses that exist or all improvements that could be made.

There are a number of significant matters we would like to bring to the attention of those charged with governance following our audit. No minor points came to our attention during our audit.

5.1 Human Rights Adviser

Observation

NIPB has a statutory obligation to monitor PSNI's compliance with Human Rights legislation. In undertaking this role it uses the services of a Human Rights Adviser. To date there have been three Human Rights advisers to the Board.

- o The first adviser was originally appointed after several organisations were contacted for suggestions of people with the experience NIPB was looking for. After approaching these individuals to confirm their availability and interest in this work, three were interviewed and one was appointed. The person commenced in February 2003 initially on a three year contract. The contract also allowed an option to "renew" but no specified limit was placed on these renewals. The contract was subsequently extended twice to November 2006 and a new contract was signed (without competition) for December 2006 to November 2007. The first adviser left in December 2007.
- o The second adviser commenced in July 2003 as an assistant to first adviser. The second advisor was appointed under a Single Tender Action (STA) following an interview by the first adviser for the role of the first adviser's assistant and subsequently took over the role of Human Rights Adviser on the departure of the first adviser. The initial contract started in July 2003 for 3 months with an option to extend. This contract operated for 9 months and in April 2004 it was renewed for a further 12 months, brought into line with first adviser's contract timings, and extended until November 2006. Extensions continued until the Advisor left at short notice in November 2008.
- o The third and current Human Rights Adviser was appointed under an STA for one year. This was subsequently renewed for a further year to February 2011 and approval from the Departmental Accounting Officer has been obtained for this to be extended by a further six months to August 2011.

Costs of Human Rights work in the annual accounts were as follows:	2005-06 - £143k
	2006-07 - £155k
	2007-08 - £163k
	2008-09 - £177k
	2009-10 - £130k
	2010-11 - £124k

Legal services are defined as Part B services under EU procurement rules and therefore do not require advertisement in the Official Journal of the European Union (OJEU). However there is still a requirement for a competitive process to be undertaken and EU procurement principles applied such as transparency, fairness of competition and that de minimus thresholds are adhered to.

A STA is permitted only in very limited circumstances and involves unforeseen events not caused by the contracting authority or when a specific technical or artistic restriction applies to the circumstance.

NIPB told us that it met with the Central Procurement Directorate (CPD) for advice in February 2010 in undertaking a procurement competition. In light of CPD advice NIPB considered a recruitment exercise but

noted that being an NIPB employee could damage the perception of the independence of the advice. NIPB and DOJ are currently exploring the possibility of appointing the adviser through a public appointment process applying the Commissioner’s Code of Practice, and aim to have this in place by August 2011 when the DOJ approval for the current contract extension runs out. They note however that there are still issues to overcome in going down this route. DOJ has noted that the costs of the Human Rights Adviser must be realistic, in line with industry standards, and seek to secure value for money.

Although the Framework Document for the Governance of NIPB says that a delegated authority limit would be set for STAs, no limit was actually set by NIO or DOJ and there was therefore no requirement for NIO approval for STAs (before the CPD guidance Note 02/10 was issued in June 2010). Neither were these services considered consultancy services to which a separate delegated limit applied, because they fell under “essentially routine services” and were therefore considered to be excluded from the definition of consultancy by NIO policy.

Under NIPB procurement policy STAs should be approved by the Chief Executive and we have examined STAs approvals by the NIPB Accounting Officer for several of the Human Rights advisers’ contract extensions. The rationale provided for the use of STAs for these services included that the incumbents had built up an understanding and relationships essential to the work (albeit that these were things that they themselves would have needed to develop when they originally began this work), the need for Developed Vetting clearance and that the monitoring system was devised by the individuals concerned. We noted that the DOJ Accounting Officer approved contract extensions following issue of the CPD guidance in June 2010.

Implication

- The use of non competitive means of procuring these services was not in line with best practice, and does not appear to comply with EU procurement principles in terms of transparency and fairness of competition.
- Prior to revised guidance on STA approvals issued by DOJ no level had been set above which sponsor department approval was required, despite there being the expectation in the Framework Document that one would be set.

Priority Rating

1

Recommendation

- NIPB should ensure that future use of STAs is restricted to those meeting the criteria within CPD Procurement Guidance Note 02/10, the Public Contracts Regulation 2006 and The Utilities Contracts Regulations 2006. Staff responsible for procurement should be made aware of these requirements and training should be provided where necessary. Staff should be reminded that procurement processes should commence in sufficient time before a contract ends to conduct a competitive procurement process.
- NIPB and DOJ should consider clarifying whilst updating the Framework Document for the Governance of NIPB the revised procedures for sponsor department approval of STAs.
- NIPB should report, at least annually, STAs to the Audit and Risk Committee and report on how long the STA has been in place, its value and what progress has been made in undertaking competitive procurement processes to replace the STA.

Management Response	
<p>NIPB will continue to provide the necessary training in relation to procurement. The Procurement Policy was updated to reflect the guidance note 02/10 and this guidance is adhered to for all STA's.</p> <p>The updating of the framework document is a responsibility of the sponsoring Department, and NIPB will continue to work with DOJ to ensure all relevant and necessary inclusions are made to the finalised document.</p> <p>NIPB will report STA's to the Audit Committee in line with best practise.</p>	
Responsibility	
Chief Executive and lead official of the Audit Committee.	
Date of Implementation	Signed Off By:
31 March 2012	N/A

5.2 Chief Executive Review

Observation
<p>A decision was taken at Board level to review the performance of the Chief Executive. The Board gave authority on 4 February 2010 for a leadership sub group of the Board to be set up to take this forward, however the Terms of Reference and powers of the sub group lack clarity. Due to the nature of the issues being considered by the sub group, Board Officials were not always in attendance and documentation of the sub group's work is therefore very limited. Board Officials told us that they had actively advised Board Members of the need for a formal record of the proceedings.</p> <p>We were informed that this process was driven by Board Members and that a number of consultants were suggested by members to undertake work on behalf of the group but that only one person was available in the timescales required. The contract was let in February/March 2010 and at the time, since it was within the delegated limits for consultancy expenditure and the CPD guidance 02/10 had not been issued, to undertake this work NIPB only had to seek the approval of its own Accounting Officer for the use of a Single Tender Action (STA). Since the Accounting Officer was the Chief Executive whose performance would be considered by the consultant his approval for the STA was not sought. Under NIPB's own Procurement Policy contracts valued between £10k and £20k should have a minimum of four written tenders and be put through CPD. Payment to this consultant totalled £12,659.50 at 5 October 2010 according to information contained in a response to an Assembly Question.</p> <p>DOJ believes that the Departmental Accounting Officer should have been asked to approve the use of an STA in the absence of the NIPB Accounting Officer's approval – at that time this would have been the NIO Accounting Officer. DOJ advised us that it considered the expenditure to be "novel and contentious" and in that case Managing Public Money (MPM) would require HM Treasury approval to be obtained, and following devolution of policing and justice approval from the Department of Finance and Personnel. As this occurred prior to devolution HM Treasury should have been approached in this instance. The contract was subsequently extended and the Departmental Accounting Officer was asked to approve the extension of the</p>

contract for an additional piece of work valued at £3,600 following devolution. Although the contract was awarded as an STA the contract value was well below EU public sector procurement limits which would have required advertisement in the OJEU.

We note that value for money was considered by NIPB by linking the contract rate to the CPD consultancy framework agreement rate. We also note that this was an unusual situation, and there was no guidance for members to follow in this circumstance.

In obtaining consultancy advice normal practice would be to consider whether any conflicts of interest, either perceived or actual, might influence the consultancy advice being received. Although we are not aware of any conflicts of interest, due to the lack of documentation available we could not confirm whether this had been considered before the appointment was made.

Implication

- Expenditure may be irregular as proper procedures were not followed. However, there was no guidance available to Members on what approvals they might need in incurring this expenditure.
- There was a lack of clarity on the Terms of Reference and powers of this sub group and the expectations of its reporting back to the full Board or a formal Committee of the Board.
- There is insufficient documentation available to track decisions of this sub group, including whether in appointing this consultant any consideration was given to conflicts of interest being present.

Priority Rating

1

Recommendation

- Guidance should be prepared for Members on the procedures to be followed if they need external assistance but cannot approach the NIPB Accounting Officer due to the nature of the work being undertaken.
- Clear Terms of Reference for all sub groups of the Board, including details of when they should report back to the main Board or Board Committee, should be agreed and documented. In the event that the issues being discussed are considered too sensitive for NIPB officials to minute the meetings, the sponsor Department should be approached for administrative support.

Management Response

NIPB Management do not consider that Board Members should undertake processes that are the responsibility of the Executive Office of the organisation. Where Board Members find that a situation arises that they cannot approach the Accounting Officer of the NIPB, then the matter should be referred to the Departmental Accounting Officer within DOJ. Board Members should not procure external assistance without the approval of either the NIPB Accounting Officer or the Departmental Accounting Officer. Standing Orders of the Board will be reviewed and updated to reflect this.

The second recommendation is accepted and the NIPB standing orders will reflect the responsibilities of all decision making forums on which Members have a role. We refer to the first recommendation response above and will advise Members that where an issue cannot be discussed before Board staff then the Departmental Accounting Officer should be approached and their guidance sought.

Responsibility	
Chief Executive	
Date of Implementation	Signed Off By:
Immediate	N/A

5.3 Hospitality Policy

Observation
<p>Internal Audit reported in April 2010 on the ‘Review of administration procedures in respect of travel expenses and subsistence’. Within their report they noted an expense of £247.80 had been claimed by a Member for a dinner in a restaurant in Belfast. Five members of the Board attended the dinner, no Board Officials were present. The expense claim noted that the dinner was for a Board meeting but no further details were provided on the business being discussed or the names of the other attendees. A Board Official cleared the expense claim and payment was made. Another Member who had attended this dinner repaid the total cost of it back to NIPB. The total cost included alcohol costing £85.45 (being 34.5% of the total bill) and the cost per capita excluding alcohol was £32.47.</p> <p>The extant NIPB Hospitality Policy at that time applied to both staff and Members but it did not set limits on alcohol or costs per head, and noted that hospitality excluded Board organised meetings and events which were business related.</p> <p>The Framework Document for the Governance of NIPB requires sponsor department approval (which at that time was the Northern Ireland Office) to override normal Departmental policies and noted that this included the NIO Gifts and Hospitality Policy. The NIO policy extant at the time of the dinner was sent to NIPB in August 2008 with a memorandum that it applied to NIO bodies including NDPBs, and stated that all hospitality invoices must clearly state the type of hospitality provided, the purpose of the event and the names of the people who attended. This NIO policy defined hospitality as “Meals, beverages, light refreshments and entertainment of any type provided out of public funds to anyone, be they a public servant or official, representative of a public or private body or organisation, or a private individual”. The policy also contained limits for alcohol (in normal circumstances reimbursement of alcohol would only be up to one-third of the total cost) and for evening meals (£25 per capita excluding drinks) if no guests were present. It also noted that expensive hotels and restaurants should be avoided.</p> <p>Since the costs of the dinner exceeded the delegated limits effectively set by the Framework document and NIO Gifts and Hospitality Policy sponsor department approval should have been sought before the expense claim was paid, and more detail should have been requested by the official authorising the claim, in terms of the purpose of the event and names of attendees, to comply with the NIO guidance. Since sponsor department approval was not obtained the payment was irregular. However the subsequent repayment of these costs by another attendee of the dinner meant that no irregular expenditure for this dinner remained within the NIPB’s 2009-10 financial statements.</p> <p>The Internal Audit report also noted NIPB’s concern that travel and subsistence policies did not take into account representational duties of Members, such as attendance at the St Patrick’s Day visits to North America. In its response to the report management undertook to approach the sponsor department to clarify appropriate policies for expenses incurred in representational capacities. DOJ however noted, in line with its Gifts and Hospitality Policy, that unless otherwise agreed claims must be in line with NIPB and DOJ policy.</p>

The Department offered to facilitate a meeting between the Department of Finance and Personnel and NIPB to discuss policy for these types of events however this has not yet been taken forward.

NIPB noted that Members are given a copy of the NIPB Hospitality Policy in their induction pack, updates are provided and they also have access to it on the NIPB Intranet. However it noted that Members had not been forwarded a copy of the NIO Hospitality Policy of August 2008. The current NIPB Hospitality Policy does not incorporate the limits and definitions within the NIO policy.

Implication

- Irregular expenditure had been incurred, although it has since been repaid.
- The delegated limits for hospitality expenditure and definitions used by NIO/DOJ have not been communicated to Members, leading to a risk of hospitality being incurred by Members which NIPB may not be able to reimburse.
- The DOJ position on expenses when undertaking representative roles has not been effectively communicated to Members.
- The expense claim was not effectively challenged by the Board Official authorising the claim.

Priority Rating

2

Recommendation

- NIPB should reconsider its Hospitality Policy and bring it in line with the delegations set by DOJ in terms of the definitions used, and limits set. In the interim Members should be made aware of the delegations set by DOJ for this expenditure.
- Board Officials should be reminded of the importance of understanding the scheme of delegations set by the sponsor department and that payments should not be made without DOJ approval when this is required.
- Board Officials should be reminded of the importance of effective challenge to ensure that sufficient detail is obtained to confirm that expenses claimed are in line with policy. In this case there was insufficient detail on the purpose of the meeting, and names of attendees, and without further information they could not determine whether this was a Board organised meeting.

Management Response

The responsibility for arranging the meeting noted in paragraph five above lies with the DOJ, as NIPB has no relationship with DFP, NIPB must deal with DOJ through its sponsor division. The NIPB has not failed to take forward the meeting.

It is not normal practice to forward Departmental Policies to Board Members; rather NIPB policies are changed in line with Departmental policies.

NIPB will review its hospitality policy and make sure it complies with Government guidance and DoJ delegations. All budget holders with responsibility for hospitality budgets will be advised of any changes required.

Board Officials will continue to provide the effective challenge on expenditure and obtain the detail required to confirm that expenses are in line with policy. The point highlighted in the report was one specific item and can be attributed to a unique set of circumstances. It is NIPB's view that Board Officials in general were not involved in the item reported upon, and that the audit has not highlighted an issue in general relating to authorising of Board Members expenses.

Responsibility

Chief Executive

Date of Implementation

Immediate

Signed Off By:

N/A

6. International Standards on Auditing (ISA 260)

We are obliged under ISA 260 to bring to the attention of those charged with governance errors found during the course of our audit. The auditors must report material errors that are adjusted in the financial statements, if their occurrence has implications for the entity's control environment. They must also report all immaterial errors found during the audit that are not adjusted unless they are "clearly trifling". For Northern Ireland Policing Board we have determined that "clearly trifling" is less than £1,600.

6.1 Adjusted Differences

No accounting adjustments were made to the accounts initially presented for audit. The final version of the accounts was signed by the Accounting Officer on 13 June 2011.

6.2 Unadjusted audit differences

There were no unadjusted audit differences above the clearly trifling limit.

7. Conclusion

The Comptroller and Auditor General provided an unqualified audit opinion for the 2010-11 Account. No report on the accounts was required.

We recommend that management within Northern Ireland Policing Board considers the points included in this report alongside any subsequent management reviews so that positive actions can be taken to enhance the processes in the critical areas of the Northern Ireland Policing Board's operations.

8. Complaints Procedures

NIAO seeks to ensure that, when carrying out its audit work, it complies with the principles developed by the Public Audit Forum in its paper "What Public Sector Bodies can expect from their Auditors".

NIAO also wishes to gauge public sector bodies' perceptions of its audit processes in order to promote continuous improvement. In particular, it undertakes to act quickly on any complaint and ensure that the underlying causes of problems are addressed to prevent them recurring. In the first instance, complaints can be addressed to the member of the Directorate responsible for the audit within which the concern has been raised.

Failing resolution of the problem to the satisfaction of the complainant, the Accounting Officer of the audited body can then write directly to the Comptroller and Auditor General. He will ensure that a further review of the case will be undertaken.

Annex A: Certificate of the Comptroller and Auditor General

NORTHERN IRELAND POLICING BOARD

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY

I certify that I have audited the financial statements of Northern Ireland Policing Board for the year ended 31 March 2011 under the Police (Northern Ireland) Act 2000, as amended by the Police (Northern Ireland) Act 2003, as amended by the Northern Ireland Act 1998 (devolution of Policing and Justice Functions) Order 2010. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Northern Ireland Policing Board, Chief Executive and auditor

As explained more fully in the Statement of the Northern Ireland Policing Board and Chief Executive's Responsibilities, the Northern Ireland Policing Board and Chief Executive as Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit the financial statements in accordance with the Police (Northern Ireland) Act 2000, as amended by the Police (Northern Ireland) Act 2003, as amended by the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Northern Ireland Policing Board's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Northern Ireland Policing Board; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions conform to the authorities which govern them.

Opinion on Regularity

In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by the Assembly and the financial transactions conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view, of the state of the Northern Ireland Policing Board's affairs as at 31 March 2011 and of its net expenditure, cash flows and changes in taxpayers' equity for the year then ended; and

- the financial statements have been properly prepared in accordance with the Police (Northern Ireland) Act 2000 as amended by the Police (Northern Ireland) Act 2003, as amended by the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010 and the Department of Justice directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Department of Justice directions issued under the Police (Northern Ireland) Act 2000 as amended by the Police (Northern Ireland) Act 2003, as amended by the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010 ; and
- the information given in the management commentary included in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with Department of Finance and Personnel's guidance.

Report

I have no observations to make on these financial statements.

*KJ Donnelly
Comptroller and Auditor General
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24 June 2011