PUBLIC AUDIT STRUCTURES IN THE UK

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This briefing has been produced for the Scottish Commission for Public Audit (SCPA). It compares and contrasts the public audit structures in Scotland with those in England, Wales and Northern Ireland, primarily focusing on the governance structure of the respective Auditors General and Audit Offices.

Members should note that there is proposed legislative change to the UK National Audit Office which is likely to be included in a forthcoming “Constitutional Renewal” Bill (Ministry of Justice 2008) at Westminster.

This briefing outlines the current situation in each of the jurisdictions of the UK.
INTRODUCTION

The UK Parliament's Public Accounts Commission has recently undertaken a review of the National Audit Office's (NAO) Corporate Governance arrangements and made the following recommendations (Public Accounts Commission 2008a):

“The NAO should be formed as a body corporate with a governing board comprising a majority of independent non executive directors. Its main functions should be to set the strategy of the Office, support and oversee the work of the Comptroller and Auditor General (C&AG), ensure the Office (including the C&AG) conducts its business in an economic, efficient and effective way and satisfy itself that the systems of governance and internal controls operate effectively and to the highest standards. The Board should have a Remuneration Committee and an Audit Committee comprised entirely of non-executive directors.

The Chief Executive (who would be styled the C&AG) should have complete personal discretion as to the audit judgements he reaches and the presentation of those judgements to the Public Accounts Committee and other committees of Parliament as may be necessary.

Both the Chairman and Chief Executive of the NAO Board would be appointed by Her Majesty the Queen on a motion from the House of Commons. The Chairman and the other non-executives should be appointed for a term of 3 years renewable once. The Chief Executive should be appointed for a fixed term of 8 years which cannot be renewed.”

The UK Government white paper *The Governance of Britain – Constitutional Renewal* (Ministry of Justice 2008) published in March 2008 accepted the recommendations of the Public Accounts Commission report. It stated:

“On 6 March 2008, the Public Accounts Commission reported on the future governance of the National Audit Office (NAO). The Government accepts the Commission’s recommendations and will legislate to implement them. Accordingly the Constitutional Renewal Bill as presented for introduction, will seek to restructure NAO.”

The Public Accounts Commission has since published the draft clauses for inclusion within the forthcoming Constitutional Renewal Bill (Public Accounts Commission 2008b).

This briefing looks at the public audit structures within the constituent parts of the UK as they currently stand.

BASIC PUBLIC AUDIT STRUCTURE OF UK, SCOTLAND, WALES, NORTHERN IRELAND

The overall audit structure of the constituent parts of the UK is described in the figure below. All four have largely similar audit structures, with an Auditor General appointed by the Crown, and a corporation providing support. The main difference lies in audit of local authorities with England and Scotland having an Accounts Commission to perform that function, and Wales and Northern Ireland having the role commissioned by the respective audit offices.
### UK
The Comptroller and Auditor General (C&AG) audits matters reserved to the UK Government, and all other spending by central government departments in England. The C&AG is also responsible for auditing payments of the block grants to the devolved administrations, and direct expenditure by the Scotland Office, Wales Office and Northern Ireland Office. The C&AG is supported by the staff of the National Audit Office. The NAO does not audit local government spending in England, which is done by the Audit Commission. 

The C&AG reports to the UK Parliament and his work is considered by the Public Accounts Committee.

### Scotland
The Auditor General for Scotland audits or appoints the auditors to the bodies funded by the Scottish Parliament. Audit Scotland provides support to the Auditor General and the Accounts Commission, which is responsible for the auditing of local authorities, fire and police boards.

The Auditor General for Scotland reports to the Scottish Parliament and his work is principally considered by the Audit Committee.

### Wales
The Auditor General for Wales audits the bodies funded by the National Assembly for Wales. The Auditor General for Wales has overall responsibility for audit standards across the public sector in Wales, including audit and value for money studies of NHS bodies and the appointment of auditors to local government and other public bodies in Wales.

The Auditor General for Wales is supported by his staff and together they form the Wales Audit Office.

The Auditor General for Wales reports to the National Assembly for Wales and his reports are considered primarily by the Assembly’s Audit Committee.

### Northern Ireland
The Comptroller and Auditor General for Northern Ireland (NIC&AG) is responsible for the audit of Northern Ireland Departments and their Executive Agencies, NDPBs, health and personal social service bodies and other centrally funded public bodies. The NIC&AG is supported by the staff of the Northern Ireland Audit Office. Certain Northern Ireland Audit Office staff are designated by the Department of the Environment as local government auditors.

The NIC&AG reports to the Northern Ireland Assembly and his reports are considered primarily by the Assembly’s Public Accounts Committee.

The remainder of this briefing looks in more detail at the existing governance arrangements for public audit in each of the constituent parts of the UK.

### AUDIT STRUCTURE OF THE UK
This section outlines the existing situation in terms of the UK audit structure.

### COMPTROLLER AND AUDITOR GENERAL
The post of the Comptroller and Auditor General (C&AG) in its modern form was created by the Exchequer and Audit Departments Act 1866. The National Audit Act 1983 established the post as an Officer of the House of Commons to be appointed by the Crown but in consultation with the Chairman of the Public Accounts Committee (PAC). The National Audit Act 1983 also established the National Audit Office in its current form (see below) to support the C&AG and provided the C&AG with directly employed staff, rather than civil servants. The 1983 legislation also gave the C&AG complete discretion over the discharge of functions although in determining to carry out an audit examination, the C&AG must take into account any proposals made by the...
PAC. The current Comptroller and Auditor General is Tim Burr, who holds the post on a temporary basis.

**Appointment Process**

The appointment of the C&AG is made by the Crown on a motion of the House of Commons moved following agreement between the Prime Minister and the Chairman of the Public Accounts Committee. There is currently no limit on the number of years a C&AG may serve in office. The C&AG can only be removed by a resolution of both Houses of Parliament.

The most recent C&AG, Sir John Bourn, was appointed in 1988 after being confirmed in Parliament following recommendation by the then Chairman of the PAC to the Prime Minister, with no formal recruitment procedure, no advertising and no open competition. This reflected the then practice, which predated the creation of an impartial public appointments procedure following the Nolan reforms in 1995 (Committee on Standards in Public Life 1995). Sir John Bourn announced his retirement from the post of C&AG on 25 October 2007 and his term of office ended in January 2008 at the age of 73. He was replaced on a temporary basis by Tim Burr, who is expected to step down from the post once new corporate governance arrangements have been put in place via the Constitutional Renewal Bill.

**Remuneration**

The current C&AG's remuneration is linked to that of a High Court judge, although the Tiner review does not believe this

> “benchmarks the position of the Auditor General against the appropriate peer group in seeking to attract high quality candidates to the position. I would favour the Chief Executive’s remuneration being set by the Public Accounts Commission based on advice by the non-executive members of the NAO Board, which itself would take advice from its Remuneration Committee. The Remuneration Committee would provide an evaluation of the performance of the Chief Executive in the management and leadership of the office and should seek expert external advice on relevant benchmarks in both the public and private sectors” (Public Accounts Commission 2008a).

The salary of the C&AG in 2007-08 was between £165,000 and £170,000 and is met directly from the Consolidated Fund (National Audit Office 2008).

**NATIONAL AUDIT OFFICE**

The *National Audit Act 1983* also created the National Audit Office (NAO) in its current form. The NAO employs around 850 staff and supports the C&AG in auditing the accounts of all government departments and agencies and reports the results to Parliament. Audit and inspection rights are vested in the C&AG, with staff in the NAO carrying out these tasks on his behalf. The NAO, on behalf of the C&AG audits matters “reserved” to the UK Government, including defence, foreign affairs, social security and central government taxation, and all other expenditure by central government departments in England. The C&AG, with support from the NAO, is also responsible for auditing the payment of the block grants to the devolved administrations and direct expenditure by the Scotland Office, Wales Office and Northern Ireland Office. In addition, the NAO also conducts audits and / or value for money examinations

*providing research and information services to the Scottish Parliament*
of a number of public bodies whose functions are not reserved by Westminster, but nonetheless operate across the UK. Separate audit arrangements exist for each of devolved administrations (see below).

The NAO does not audit local government spending in England, which is done by the Audit Commission, which is also responsible for auditing health services. The Audit Commission in England was established in the Local Government Finance Act 1982.

**National Audit Office Structure**

**Management Board**

The NAO is headed by the C&AG. There is no separate Chairman and Chief Executive and no formal board. The C&AG is supported by a Management Board, comprising the C&AG as Chairman, the Deputy C&AG (currently unfilled), the seven Assistant Auditor Generals (AAGs) and a non-executive who is also Chairman of the Audit Committee of the NAO. The Management Board now meets monthly (until recently it met quarterly). The current Management Board members are as follows:

- C&AG, Tim Burr
- Non-executive member, Steve Freer

And the following Assistant Auditor Generals:

- Gabrielle Cohen
- Ed Humpherson
- Wendy Kenway-Smith
- Caroline Mawhood
- Jim Rickleton
- Martin Sinclair
- Michael Whitehouse

The role of the Management Board is to consider the NAO’s business strategy and corporate plan in order to make recommendation to the Public Accounts Commission on future resource requirements. It monitors progress in the delivery of the NAO’s work programme.

Pending implementation of changes in the corporate governance recommended by the Public Accounts Commission, the C&AG, from 1 February 2008, introduced Management Board meetings on a monthly basis, and established three new functional committees, replacing a Management Committee which had operated up to that date:

- Audit Practice and Quality Committee, focusing on the integrity of the NAO’s products;
- Operational Delivery Committee, focusing on resources and infrastructure; and
- Staff Performance and Remuneration Committee, focusing on staff management.
**NAO Audit Committee**

The NAO Audit Committee is a committee of the Management Board, and its Chairman is a non-executive member of the Management Board. Steve Freer, Chief Executive of the Chartered Institute of Public Finance and Accountancy (CIPFA) is the current chair. As well as the chair, the other two non-executive members are currently Sir Michael Davies and Christine Freshwater.

The Audit Committee provides the C&AG with advice and assurance on the adequacy of internal control and risk management within the Office, including the framework of internal control, risk management processes, and the quality and reliability of financial reporting.

Under the arrangements set out in the Public Accounts Commission’s 13th Report, issued in July 2007, the Chairman of the Audit Committee also has a responsibility for reviewing the planned expenses of the C&AG and may discuss any issues arising with the Commission.

**Appointment to the Management Board**

There is currently no formal or consistent procedure for either executive or non-executive appointments to the Management Board. Previous appointments to the position of AAG have sometimes been made on the basis of open competition, and at other times the individual has simply been appointed. The non-executive member of the Management Board has been appointed with no open competitive process. All appointment are by the C&AG, and the balance of executives to non-executives on the Management Board is currently 8:1.

**Remuneration of Management Board**

The latest NAO Annual Report (NAO 2008) states the following on the remuneration of the Assistant Auditors General:

“For 2007-08, the Deputy Comptroller and Auditor General made recommendations for the remuneration levels of Assistant Auditors General, to the Comptroller and Auditor General, which were based on an assessment of the individual’s contribution relative to his/her peers. The Comptroller and Auditor General determined the remuneration level of each Assistant Auditor General on the recommendation of the Deputy Comptroller and Auditor General. In the case of the Deputy Comptroller and Auditor General’s remuneration, the Director of Human Resources made a recommendation to the Comptroller and Auditor General who determined the appropriate remuneration level.”

The salaries of AAG’s in 2007-08 ranged from £110,000 to £155,000 (NAO 2008, p60).

Steve Freer was the non-executive chairman of the Audit Committee and a non-executive member of the Management Board. During this period CIPFA, his employer, was paid £7,050. He received no benefits in kind and no pension entitlement.
AUDIT STRUCTURE OF SCOTLAND

AUDITOR GENERAL FOR SCOTLAND

The post of Auditor General for Scotland (AGS) was established by section 69 of the Scotland Act 1998. It is a Crown appointment, made on the recommendation of the Scottish Parliament. The AGS has complete discretion in the performance of his role and has access to Audit Scotland (see below) and professional audit companies to support him. The current Auditor General for Scotland is Robert Black.

Appointment Process

Scottish Ministers have no formal role in the appointment process. The appointment of the first and so far only AGS was led by the Presiding Officer and a committee supported by the Clerk / Chief Executive. However, there is no formalised appointment process in place in terms of how the Scottish Parliament comes to an AGS recommendation, and it is unclear what the process will be for recommending future AGS appointments to Parliament.

The AGS is currently appointed for an unspecified period “on such terms and conditions as the Parliamentary corporation may determine” and may be removed by a two-thirds majority vote of Parliament.

Remuneration

The salary, allowances and other terms and conditions of the AGS are determined by the Scottish Parliamentary Corporate Body (SCPB) and paid by Audit Scotland. The annual salary increases for the AGS post are currently based on the pay system for the senior civil service, which is determined at a UK level on the basis of recommendations from the Senior Salaries Review Body. In its recent report to the SCPA, commenting on the proposals by the UK Accounts Commission on the National Audit Office, the Audit Scotland Board said the following regarding the salary of the AGS:

“The framework within which the salary of the AGS is determined or reviewed is not entirely clear. The Scottish Parliamentary Corporate Body does not have a remuneration committee or remuneration advisory panel. Although the AGS audits the accounts of the SCPB and the Clerk / Chief Executive is the Accountable Officer for these accounts, the office of the Clerk / Chief Executive advises the SPCB on the salary of the AGS. This arrangement does not accord with good governance.

The identification of a comparable post within the senior ranks of the civil service for the post of AGS, would help to ensure objectivity, impartiality and transparency in the salary determination.”

The salary of the AGS in 2007-08 was in the band £135,000 to £140,000. The salary of the Deputy Auditor General in 2007-08 was in the band £125,000 to £130,000 (Audit Scotland 2008).
Audit Scotland was established as a corporate body in April 2000 under section 10 of the Public Finance and Accountability (Scotland) Act. It was formed by the merger of the Scotland division of the National Audit Office and the staff of the Accounts Commission for Scotland. Audit Scotland provides support to both the Accounts Commission and the AGS, allowing them to provide assurances to the Parliament and Ministers that public money is being spent appropriately. Audit Scotland has around 290 staff and it conducts, or commissions external auditors to conduct, the audit of around 200 public bodies in Scotland. It is the responsibility of the Scottish Commission for Public Audit (SCPA) to appoint a qualified person to audit the accounts of Audit Scotland, and the SCPA appointed the AGS as the accountable officer from April 2000.

Audit Scotland Board

The work of Audit Scotland is overseen by a board which meets around 6 times per annum to consider audit plans and the organisation’s strategic direction. The board is chaired by the Chair of the Accounts Commission, and also comprises the AGS and three other members appointed directly by them. The current Audit Scotland board members are:

- John Baillie, Chair of the Accounts Commission (board Chair)
- Robert Black, Auditor General for Scotland
- Caroline Gardner, Deputy Auditor General for Scotland
- Phil Taylor, independent, non-executive board member
- Isabelle Low, member of the Accounts Commission

The main function of the Audit Scotland Board is to consider and approve the Audit Scotland corporate plan, the budgetary submission to the Scottish Commission for Public Audit (SCPA) and the annual report. Section 10 of the Public Finance and Accountability (Scotland) Act 2000 (asp 1) allows for directions to be given to Audit Scotland by the AGS and the Accounts Commission “for the purpose of or in connection with the exercise of Audit Scotland’s functions”.

Sub-committees

The board of Audit Scotland has two sub-committees – a Remuneration Committee and an Audit Committee. The remuneration Committee is composed of board members who are not Audit Scotland employees and sets and reviews the salaries and terms and conditions of senior staff (excluding the AGS). The current chair of the Remuneration Committee is Phil Taylor.

The Audit Committee consists of board members who are not employees of Audit Scotland – under Audit Scotland Standing Orders, the AGS is not a member of the Audit Committee but may attend the Audit Committee. The Audit Committee appoints its internal auditor through open competition. In 2007, the Audit Scotland board undertook a competitive tendering process for internal auditing services. RSM Bentley Jennison was appointed by Audit Scotland’s Audit Committee as the sole provider of internal auditing services until 2010.

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2 The Accounts Commission is responsible for securing the audit of Scotland’s 32 local authorities (and joint boards) and the audit of their “Best Value” and Community Planning functions.
**Appointment of Board**

The Chair of the Accounts Commission is, by convention, the Chair of the Audit Scotland board. This is to ensure that the Chair of the board has a degree of independence from the AGS in the oversight of Audit Scotland’s management arrangements. The Chair of the Accounts Commission is appointed by Scottish Ministers, therefore, the Parliament has no role in appointing the chair of the Audit Scotland board.

The Audit Scotland board contains two members drawn from the Accounts Commission and a third member appointed by open competition – currently Phil Taylor – in what Audit Scotland describe as a “narrow non-executive majority” (Audit Scotland Board 2008). This is line with a recommendation of the Financial Issues Advisory Group (FIAG) which considered Accounts Commission representation on the board as necessary to safeguard the service provided by Audit Scotland to the Accounts Commission (Scottish Office 1998). The Executive members are the AGS and the Deputy Auditor General. The board has a secretary who is a part-time employee of Audit Scotland.

**Remuneration of Board**

Under the provisions of schedule 2 of the Public Finance and Accountability (Scotland) 2000 Act the Auditor General, the Chairman of the Accounts Commission and any employee of Audit Scotland or member of the Accounts Commission are not entitled to any remuneration in respect of their membership of the Audit Scotland Board. The remuneration of the independent member of the board (Phil Taylor) fell within the band £5,000 to £10,000.

**AUDIT STRUCTURE OF WALES**

**AUDITOR GENERAL FOR WALES**

The office of the Auditor General for Wales (AGW) was established under the Government of Wales Act 1998 and continues in existence under the Government of Wales Act 2006. It is a Crown appointment, made on the nomination of the National Assembly for Wales. The AGW has complete discretion in the discharge of his functions and has access to the Wales Audit Office to support him in his functions. The current Auditor General for Wales is Jeremy Colman, who was appointed on 1 April 2005 on a five year term.

Under the 2006 Act, the AGW is the accounting officer for the Wales Audit Office (WAO) and his duties are specified by the Assembly’s Audit Committee.

**Appointment Process**

Jeremy Colman was selected by an interview panel comprising four members of the Welsh Assembly’s Audit Committee, the Director of the Welsh Local Government Association and the

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3 The Assembly is required to consult with representatives of local government in Wales prior to making such a nomination. This is because the AGW appoints auditors to and undertakes performance audits and inspections of local government bodies which are constitutionally independent of the Assembly.
Auditor General for Scotland. The nomination was made to Her Majesty after a confirmatory plenary resolution of the Welsh Assembly.

One significant difference between the AGW and his UK counterparts is that the Welsh Assembly determines the terms and conditions of his appointment. The current AGW is appointed for a term of 5 years and there is no bar on renewal. The existing AGW’s post is due to expire on 31 March 2010, and the position post 2010 is currently under consideration.

The AGW may be removed from the post by a two-thirds majority vote of the Assembly.

**Remuneration**

The Welsh Assembly has decided to follow the UK C&AG salary example by linking the AGW’s salary to that of a High Court judge. The salary of the AGW in 2007-08 was £165,575 and is met directly from the Welsh Consolidated Fund.

**WALES AUDIT OFFICE**

The WAO, a merger of the National Audit Office in Wales and the Audit Commission in Wales, was established under the *Public Audit (Wales) Act 2004*, and is headed by the AGW. The AGW has overall responsibility for audit standards across the public sector in Wales. The AGW’s remit is the financial audits and value for money examinations of bodies funded by the National Assembly for Wales. This includes the Welsh Ministers (or Welsh Assembly Government (WAG)), National Assembly for Wales Commission (the SCPB equivalent), WAG sponsored public bodies and NHS bodies. This work is either undertaken “in-house” by the Wales Audit Office or is contracted out to accountancy firms. The AGW also appoints auditors to local government bodies in Wales and undertakes performance studies and inspections. Appointed auditors for local government audit may be in-house staff or accountancy firms.

**Wales Audit Office Partnership Board and Management Committee**

The Partnership board reports directly to the Auditor General, advising on matters of the strategic direction of the Wales Audit Office. They provide advice to the Auditor General and the Management Committee on Business Strategy and the development of audit projects. There are nine members of the Boards who are all employees of the Wales Audit Office.

The Management Committee consists of the Auditor General, Chief Operation Officer and four other partners and oversees the day to day operation of the Wales Audit Office.

**Audit and Risk Management Committee**

The AGW has set up an Audit and Risk Management Committee comprising three members external to the Wales Audit Office. It has the powers to have direct relationships with both internal and external auditors and the Chairman of the Committee has access to the Chairman of the Audit Committee of the Welsh Assembly. The members of the Audit and Risk Management Committee have the power to have direct relationships with both internal and external auditors. The establishment of such a committee and access to the Chair of the Audit Committee now forms part of the AGW’s duties as Accounting Officer as specified by the Assembly’s Audit Committee.
Management Committee are appointed by the AGW but selected through open competition. The Chairman of the Committee is consulted on the pay of senior staff within the organisation.

The current members of the Committee are Peter Laing (Chair), Rosamund Blomfield-Smith and David Hands. In 2007-08 Peter Laing received £6,067, Rosamund Blomfield-Smith received £4,054 and Davis Hands received £4,054 (Wales Audit Office 2008).

AUDIT STRUCTURE OF NORTHERN IRELAND

NORTHERN IRELAND COMPTROLLER AND AUDITOR GENERAL

The post of Northern Ireland Comptroller and Auditor General (NIC&AG) was established by the Northern Ireland Act 1998. It is a Crown appointment, made on the recommendation of the Northern Ireland Assembly. The NIC&AG is completely independent of Government and is supported in performing his function by the Northern Ireland Audit Office. The current NIC&AG is John Dowdall.

Appointment Process

The NIC&AG is a permanent post and when the post becomes vacant, a selection panel is formed comprising the Speaker of the Assembly, the Chairman and Vice-Chairman of the Public Accounts Committee, the Chairman and Vice-Chairman of the Audit Committee and the C&AG of the NAO. An open competitive process is followed with the candidates assessed against a pre-determined job criteria established by the selection panel.

The NIC&AG may be removed by a two-thirds majority vote of the Assembly.

Remuneration

The salary of the NIC&AG in 2007-08 was £132,693, is linked to the salary payable to permanent secretaries of the Northern Ireland Civil Service, and is met directly from the Northern Ireland Consolidated Fund. The salary of the Deputy NIC&AG was £95,000 to £100,000 in 2007-08.

NORTHERN IRELAND AUDIT OFFICE

The Northern Ireland Audit Office was established by the Audit (Northern Ireland) Order 1987 and supports the NIC&AG in fulfilling his responsibilities, which are as follows:

- authorising the issue of money from the Northern Ireland Consolidated Fund to enable Northern Ireland Departments to meet their necessary expenditure, and for ensuring that there are adequate arrangements for the collection of revenue; and
- the external audit of central government bodies in Northern Ireland, including Northern Ireland Departments and their Executive Agencies and a wide range of other public sector bodies, including Executive Non-Departmental Public Bodies and health and providing research and information services to the Scottish Parliament.
personal social service bodies. He undertakes financial audit and value for money audit and the results of his work are reported to the Northern Ireland Assembly, or to Parliament during the suspension of devolution.

Certain NIAO staff are also designated by the Department of the Environment as local government auditors. Local government auditors are mainly responsible for the audit of Northern Ireland District Councils and report the results of their work to the Department of the Environment.

**Northern Ireland Audit Office Board**

The NIC&AG is supported by a board, which has recently been restructured. Until September 2007, a senior management group, made up of the NIC&AG, nine other senior managers and two non-executive members oversaw the running of the NIAO. Following a review it was decided that a more effective structure could be put in place. An examination of various other models used by similar organisations was undertaken and it was decided to implement a two tier structure. It was further decided that this should be piloted for a year and then reviewed again.

The top tier consists of a Management Board whose membership is made up of the NIC&AG, the NIDC&AG (Kieran Donnelly) and two non-executives (currently Gerry Smyth from the Office of the Irish C&AG and Gary Martin from the University of Ulster). The second tier is referred to as the Management Team and membership is made up of the Deputy NIC&AG and the Assistant Auditor Generals (John Buchanan, Janet Sides (Acting) and Louise Mason), but all other directors are welcome to attend meetings in a non-decision making capacity. All senior managers in the NIAO are required to complete a ‘Conflicts of Interest’ Declaration. They are also required to disclose, on an ongoing basis, any changes in circumstances which could possibly result in an actual or perceived conflict of interest.

The Management Board is chaired by the NIC&AG, meets quarterly and is responsible for the following:

- Approval of the Corporate Plan;
- Budget, profiling and monitoring of expenditure in year;
- Human resource planning;
- Resource Accounts;
- Consideration of reports from the Audit Committee and any ad hoc committees which will be in existence from time to time;
- Consideration of the risk register and the NIAO’s own corporate governance procedures;
- Equality and diversity issues; and
- Ad hoc reports which the Board decides it should have sight of.

The Management Team is chaired by the DC&AG, meets monthly and is responsible for many of the same areas as the Board to whom it reports its opinion on those areas – for example budget monitoring. In addition it is responsible for:

- Personnel and Staffing;
- Quality and impact;
- Review of work progress by each division; and
• IT and security.

It is the intention that the new structure will be reviewed in terms of effectiveness in September 2008, one year after the new structure came into being.

**Appointment of the NIAO Management Board**

The two non-executive members of the Management Board were appointed by the NIC&AG. In the NIAO Resource Accounts for the year to 31 March 2008, the C&AG reported that they were appointed “on the basis of their previous experience. One works [Gerry Smyth] in a similar audit institution and has a good understanding and appreciation of the environment within which the NIAO operates. The other non-executive [Gary Martin] has experience of being the Chair of the Audit Committee in another public sector body, similar in size to the NIAO and with an associated regulatory role. He also specialises in the area of governance in his post at the University of Ulster.”

The Resource Accounts go on to state the following regarding the appointment of the non-executive Management Board members:

"When the non-executive directors were appointed their role and responsibilities were explained to them by the C&AG. He also provided one to one informal induction training for both of them. Given their background and previous experiences this was considered to be sufficient and appropriate.

The C&AG meets periodically with the non-executives individually to provide them with information regarding issues affecting the NIAO. He also makes himself available to discuss any issue which may be of concern to one or other and on which they would like more information or have questions.

Mr. Martin is also named in the NIAO's Whistleblowing policy as a contact point to which NIAO staff may refer concerns about what is happening within the NIAO itself."

**Remuneration of the Board**

Under the provisions of the Audit (Northern Ireland) Order 1987, the Comptroller and Auditor General for Northern Ireland determines the level of remuneration for all employees within the Northern Ireland Audit Office, including his senior executives.

Each year's settlement is reviewed in the context of the NAO and Northern Ireland Civil Service settlements and the recruitment and wastage circumstances in the NIAO.

The pay award for Senior members is a percentage uplift on basic pay. The percentage applied is based on an assessment of performance of an individual throughout the previous year.

The salary of Assistant Auditor Generals in 2007-08 ranged from £65,000 to £90,000 – this is for their work as both board members and staff of the NIAO. In terms of the non-executive board members, there were no payments made to Gerry Smyth in 2007-08 and Gary Martin was paid £2,375 in financial year 2007-08.
SOURCES


