**EXPLANATORY MEMORANDUM TO**

**The COMPANIES (PUBLIC SECTOR AUDIT) ORDER (NORTHERN IRELAND) 2013**

## 1. Introduction

1.1. This Explanatory Memorandum has been prepared by the Department of Finance and Personnel to accompany the Statutory Rule (details above) which is laid before the Northern Ireland Assembly.

1.2. The Statutory Rule is made under Article 5(3) of the Audit and Accountability (N.I.) Order 2003 and is subject to the draft affirmative resolution procedure.

## 2. Purpose

2.1. The purpose of the proposed rule is to update the list of not-for-profit public companies to be subject to annual audit by the Comptroller and Auditor General (C&AG), from that which was set out in the Companies (Public Sector Audit) Order (Northern Ireland) 2008.

## 3. Background

3.1. The "Companies (Public Sector Audit) Order (NI) 2008 specified a range of not-for-profit public companies that were to be subject to annual audit by the NIAO.

3.2. Since 2008 a number of new not-for-profit companies have been created and some of the companies previously listed in the 2008 schedule have been dissolved or transferred out of public sector ownership, there is therefore a need to revise the relevant list of bodies to take account of these changes by way of a Statutory Rule (SR).

3.3. The revised list has been agreed with NIAO and with the respective sponsor departments.

3.4. In the proposed amended legislation the opportunity is also being taken to empower the C&AG to report upon as well as certify the accounts of the bodies to be subject to the legislation. This would be in line with the general legislative framework for other audits and would provide greater capacity for the C&AG to issue a report without necessarily qualifying or modifying his/her audit opinion.

3.5. In addition the proposed amended legislation makes clear the responsibility for the laying in the Assembly of the accounts and reports of the bodies that are subject to this legislation.

## 4. Consultation

4.1. Before finalising the list of companies affected, DFP consulted directly with the relevant sponsor departments who in turn consulted with the companies concerned. Article 5(4) of the Audit and Accountability (NI) Order 2003 requires DFP to have regard to the views of the Public

Accounts Committee (PAC) and a submission was agreed at the PAC meeting of 14 December 2011. DFP have been in close contact with the C&AG throughout this process.

**5. Equality Impact**

5.1. There are no equality impact implications

**6. Regulatory Impact**

6.1. No Regulatory Impact Assessment was prepared as in itself this proposed SR does not impose any costs on business, charities or voluntary bodies.

**7. Financial Implications**

7.1. None

**8. Section 24 of the Northern Ireland Act 1998**

8.1. Section 24 of the Northern Ireland Act, (Community law, Convention rights etc) has been reviewed and is not applicable.

**9. EU Implications**

9.1. Not applicable.

**10. Parity or Replicatory Measure**

10.1. Analogous arrangements apply in GB the Comptroller and Auditor General there possesses similar powers to audit not-for-profit public companies.

**11. Additional Information**

11.1. Not applicable.