



Northern Ireland Audit Office

Report to those charged with Governance - Draft

Northern Ireland Social Care Council

2021-22



05 October 2022

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We have prepared this report for Northern Ireland Social Care Council's sole use. You must not disclose it to any third party, quote or refer to it, without our written consent and we assume no responsibility to any other person.

1. KEY MESSAGES

This report summarises the key matters from our audit of the 2021-22 Northern Ireland Social Care Council's financial statements which we must report to the Audit and Risk Committee, as those charged with governance. We would like to thank Chief Executive and her staff for their assistance during the audit process.

Audit Opinion

The Comptroller and Auditor General (C&AG) plans to certify the 2021-22 financial statements with an unqualified audit opinion, without modification. The certificate will include an 'emphasis of matter' paragraph to draw attention to the background for this year's increase in deferred income as highlighted in note 4.3 to the accounts.

The Audit Certificate is included at [Appendix Two](#).

Misstatements and Irregular Expenditure

Financial Statement Adjustments

The net effect of uncorrected adjustments on the Statement of Comprehensive Net Expenditure and Statement of Financial Position was £47,665. A full list of adjustments is provided on page 10.

Irregular expenditure

Irregular expenditure was not identified from our audit procedures.

C&AG's Report

No report on the account was required.

Audit Findings

During the audit we reviewed internal controls; accounting systems; and procedures to the extent considered necessary for the effective performance of the audit. To date, we have identified **one** priority one recommendations in relation to revenue recognition.

Full details of findings are included at [Findings from the Audit](#).

Status of the Audit

Following consideration of the inconsistency in the calculation of accounting estimate of deferred income from 20-21 to 21-22, and new narrative added at note 4.3 to the financial statements, **and subject to the approval of the financial statements by the Board and the receipt of the letter of representation**, the accounts are now ready for certification by the C&AG.

Independence

We consider that we comply with the Financial Reporting Council (FRC) Ethical Standard and that, in our professional judgment, we are independent and our objectivity is not compromised.

Management of information and personal data

The Northern Ireland Social Care Council is required to comply with the General Data Protection Regulations (GDPR) in the handling and storage of personal data. Those Charged with Governance should ensure they have made sufficient enquiries of management to form a view on whether there were any significant specific data incidents which should be disclosed in the Governance Statement. There was one data breach disclosed in the Governance Statement. Other than this, we are unaware of any data handling incidents during the year and confirmation to this effect has been sought within the letter of representation included at Appendix One.

During the course of our audit we have access to personal data to support our audit testing. We have established processes to hold this data securely within encrypted files and to destroy it where relevant at the conclusion of our audit. We can confirm that we have discharged those responsibilities communicated to you in accordance with the requirements of General Data protection Regulation (GDPR) and Data Protection Act 2018.

Actions for the Audit and Risk Committee

The audit committee should

- Review the findings set out in this report, including the draft letter of representation and audit certificate at Appendices one and two respectively; and
- Consider whether the uncorrected misstatements set out at Misstatements and Irregular Expenditure should be corrected. The Audit Committee minutes should provide written endorsement of management's reasons for not correcting these misstatements

2. AUDIT SCOPE

We have completed our audit of the 2021-22 financial statements in accordance with International Standards on Auditing (UK) (ISAs) issued by the Financial Reporting Council; with Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'; and with the Audit Strategy presented to the Audit Committee in May 2022.

There are no new matters to communicate concerning the planned scope and timing of the audit.

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3. SIGNIFICANT RISKS

The significant risks identified in our Audit Strategy have been addressed as follows:

Significant Risk 1

Management override of controls

Under ISA (UK) 240, there is a presumed significant risk of material misstatement due to fraud through management override of controls.

Audit Response

As required by ISA (UK) 240, we have:

- Tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements. In designing and performing audit procedures for such tests, we made inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments, selected journal entries and other adjustments made at the end of a reporting period, and considered the need to test journal entries and other adjustments throughout the period.
- Reviewed accounting estimates for biases and evaluate whether the circumstances producing the bias, if any, represent a risk of material misstatement due to fraud. In performing this review, we evaluated whether the judgments and decisions made by management in making the accounting estimates included in the financial statements, even if they are individually reasonable, indicate a possible bias on the part of the entity's management that may represent a risk of material misstatement due to fraud. Our evaluation encompasses an assessment of the accounting estimates taken as a whole; and, where appropriate, performance of a retrospective review of management judgments and assumptions related to significant accounting estimates reflected in the financial statements of the prior year
- For significant transactions that are outside the normal course of business for the entity, or that otherwise appear to be unusual given the auditor's understanding of the entity and its environment and other information obtained during the audit, we evaluated whether the business rationale (or the lack thereof) of the transactions suggests that they may have been entered into to engage in fraudulent financial reporting or to conceal misappropriation of assets.

Outcome

A sample of journal entries relating to the accounting period were reviewed. All selected journals were processed in accordance with procedures and related to standard routine transactions. Other than deferred income, which we discuss at risk factor one below no significant accounting estimates have been used by management in the year and no transactions were noted outside the normal course of business. During the course of the audit no significant items have come to our attention which would indicate an override of the control systems in place.

No additional significant risks were identified during our audit fieldwork.

4. FINDINGS FROM THE AUDIT

Financial Reporting

As part of our audit, we evaluate the qualitative aspects of accounting practices and financial reporting. In this section we draw to your attention any significant changes or issues in respect of accounting policies; accounting estimates; and financial statement disclosures.

Northern Ireland Social Care Council has robust processes in place for the production of the accounts and continue to produce good quality supporting working papers. Officers dealt efficiently with audit queries, effectively prioritising them, and the audit process has been completed within the planned timescales.

Accounting Policies

The Annual Report and Accounts are required to comply with the Government Financial Reporting Manual (FReM) in accordance with the Accounts Direction issued by the Department of Health. The initial accounts presented to us were compliant with FReM and to a good standard. Our work in relation to revenue accounting resulted in a priority one recommendation and other than this finding, there have been no significant changes in accounting policy from the prior year. We are content with the appropriateness of the accounting policies judged against the objectives of relevance, reliability, comparability and understandability.

Accounting Estimates

Other than deferred income, which we discuss at risk factor one below, there are minimal significant accounting estimates and there have been no significant changes from the prior year. We are content with management's application of the accounting estimates judged against the objectives of complexity, reliability, comparability and suitability.

Financial Statement Disclosures

We have made a number of suggestions to improve narrative disclosures and to ensure completeness of the disclosures required under the FReM and other relevant guidance.

Going Concern

No events or conditions were identified from our audit work that cast significant doubt about Northern Ireland Social Care Council's ability to continue to adopt the going concern basis of accounting.

Annual Report

The Annual Report was considered to be consistent with our understanding of the business, and was in line with the other information provided in the financial statements.

Accountability Report

The parts of the Accountability Report to be audited were considered to be properly prepared in accordance with Department of Health directions issued under the HSC Manual of Accounts and relevant circulars.

Governance Statement

The Governance Statement was considered to reflect compliance with the Department of Finance's guidance.

Regularity, Propriety and Losses

We found no issues in relation to irregularity, impropriety or losses during our audit to date.

Internal Control

No issues in relation to internal control were identified during our audit to date.

Related Parties

No significant matters were arising during the audit in connection with Northern Ireland Social Care Council's related parties.

Other significant matters discussed with management

We set out below other matters discussed with management during the course of the audit.

Risk factor 1

Risk of fraud in revenue recognition

Under ISA(UK) 240, there is a presumed risk of fraud in revenue recognition, albeit rebuttable. In the prior year this risk was assessed to be significant for registration fee income. Part of the rationale for the prior year classification was the distortion to the balance caused by a waiver of fee income introduced during the year to increase the number of registered practitioners. No waiver occurred in the period to March 2022 and we have therefore no longer assessed the risk of material misstatement of revenue as significant.

Audit Response

As part of the audit, we:

- Examined and tested the process through which management has identified and quantified any income that needs to be accrued (or deferred) at year-end;
- Evaluated the accounting policies for revenue recognition to ensure that current practice is in accordance with the stated policy;
- Assessed the recoverability of debtors;
- Performed substantive testing of income;
- Assessed the completeness of registration income by testing bank payments received and tracing them back to batch journal postings.

Outcome

Our testing of revenue, including deferred income, did not highlight any errors for closing deferred income at March 2022. However, unadjusted revenue errors arising at the end of the prior accounting period have impacted the current year financial statements and during the course of our work it was apparent that there was a lack of clarity and documentation explaining the revenue recognition accounting policy for registration fees. We have recommended an improvement in the wording of the accounting policy note in the financial statements, and we have reported the **prior period** error identified as part of the prior year audit on a gross basis to ensure that management and Audit Committee have a better understanding of the nature and impact of the error on opening balances.

In the 20-21 audit the estimation process for deferred income was not as robust for that in 21-22. However 20-21 was a one off year due to the temporary waiver of registration fees and also both

greater volatility of registrant numbers compared to 2022 and registrants often paying later than date due. Hence estimation was more difficult. For the 20-21 audit unadjusted deferred income of £75k, which was part of net revenue non-adjustment of £49k, was regarded and treated as a non-material unadjusted error. This year from sample testing of revenue we identified income of £63k relating to the prior year but not accrued at the end of 20-21. It is not possible to extrapolate the error over the prior period revenue population. However, it is consistent with the prior period reported unadjusted error of £125k unrecognised accrued income (re-presented at page 10 of this report under 'Uncorrected Misstatements – 2021').

This year there has been a refinement in the deferred income estimation process and given the impact of this in 21-22 accounts appropriate disclosure is now included at note 4.3.

Risk factor 2 Holiday pay accruals

Staff can carry up to 20 days annual leave into the next year and there is an element of estimation in the determination of the related holiday pay provision required in the financial statements. We will review and assess the basis upon which management has quantified the level of the provision.

Audit Response

We have undertaken testing over a sample of employee's holiday pay accrued at year-end to ensure they have been calculated accurately.

Outcome

No issues were noted in the testing performed.

Risk factor 3 Covid-19 financial impact

The activities of NISCC have been significantly impacted by the current pandemic, with a potential impact in financial terms including additional costs incurred and additional/changes to compliance requirements (including increased reporting on the use of funds, and the use of DACs). We will be alert to the impact of the pandemic on financial management. In particular, we will undertake testing to ensure that appropriate controls were maintained in relation to payments and any prepayments, the use of DACs and procurement procedures.

Audit Response

We have tested the appropriateness of expenditure against budget and the application of spend approvals.

Outcome

No issues were noted from the testing performed.

Risk factor 4 Breakeven

HSC bodies are required to achieve a breakeven position at year end. It is a requirement for NISCC to ensure that any surplus or deficit is within +/- 0.25% of the Revenue Resource Limit (RRL) or £20,000, whichever is the greater. If these financial parameters are not met then we will consider the impact on our regularity opinion. There is a risk that the financial results may be manipulated to achieve a breakeven position.

Audit Response

In the assessment of the requirement to breakeven, we have undertaken the following procedures:

- Performed testing over a sample of prepayments to ensure prepaid amount was calculated accurately.
- Assessed the completeness of the year-end liabilities by testing payments made in the first month post year-end to ensure liabilities had not been recognised in the incorrect period as a means to manage the breakeven position.
- Undertook detailed testing of the year-end accruals balance to assess for any misstatements that may impact the breakeven point.

Outcome

No issues were noted from the testing performed.

Risk factor 5

Economic fallout from war in Ukraine

Economic fallout from the situation in Ukraine is an ongoing risk that has arisen since the date of our initial planning meeting with management. Current impacts include high inflation, significantly higher energy costs, higher commodity costs, supply chain disruptions (particularly in relation to suppliers who may be subject to sanctions), and heightened Cyber risk. The majority of costs borne by NISCC are salary related and therefore not immediately impacted but any increase in other costs is likely to add further strain to an already challenging budget. Whilst the impact is likely to be more significant in the 2022-23 financial reporting period, we have reassessed the impact on current year costs and budget.

Audit Response

When reviewing the going concern assessment, we considered the rising inflation and cost of living on the current year and the FY 2022-23 budget and concluded that the organisation will continue to face financial pressures due to the budget cuts which is being closely monitored by the department and NISCC.

Outcome

No issues were noted in the testing performed.

Audit Recommendations

This section outlines the findings arising from our audit, as well as management's response and target date for implementation. Our findings are defined as:

- Priority 1 – significant issues for the attention of senior management which may have the potential to result in material weakness in internal control.
- Priority 2 – important issues to be addressed by management in their areas of responsibility.
- Priority 3 – issues of a more minor nature which represent best practice.

Recommendation 1

Standing items for Audit and Risk Committee meeting agenda – priority 3

In order to assist the Audit and Risk Committee in fulfilment of its responsibilities in relation to fraud and regularity, we recommend that the following items are included as standing agenda items at all Audit Risk Committee meetings:

- Instances of fraud or suspected fraud
- Whistleblowing
- Direct Award Contracts

For completeness, we would further encourage 'nil' reporting under each of these items where appropriate.

Management Response

We accept the recommendation, and all further Audit Committee Agenda's will include Fraud, Whistleblowing and Direct Award Contracts as standing items on the Agenda of the Northern Ireland Social Care Council Audit and Risk Committee.

Recommendation 2

Revenue Recognition accounting policy – priority 1

During the course of our revenue testing it became apparent that an error had been identified at the end of the prior financial reporting period, impacting both accrued and deferred income. The net impact on the income statement was not material and the error was not adjusted prior to finalising the March 2021 financial statements.

In trying to understand the impact of the error on the current year reporting, the scope of our work was limited by a historic failure to fully document the accounting treatment of registration fees. We therefore recommended preparation of a detailed revenue recognition paper by management and BSO, setting out the categories of revenue and detailing the accounting treatment in the financial statements.

In addition, we recommend that the revenue recognition accounting policy disclosure included within the draft financial statements be updated to provide greater clarity on the treatment of the registration fees.

We further recommend additional narrative disclosure in the 21-22 financial statements to explain the significant increase in deferred income between 20-21 and 21-22.

Management Response

We accept the recommendation and have updated the accounting policy within the financial statements, and included additional narrative disclosures in note 4 to the financial statements.

5. MISSTATEMENTS AND IRREGULAR EXPENDITURE

Uncorrected misstatements

The table below lists unadjusted misstatements which exceed our clearly trivial threshold of £5,250.

Area	Issue	SoCNE		SoFP	
		Debit £'000	Credit £'000	Debit £'000	Credit £'000
Accruals	Overstated dilapidations accrual			22,097	
Other expenditure			22,097		
Staff Costs	Understated SE pay award	6,532			
Accruals					6,532
General Reserve	*Income recognised in 2022 relating to 2021 (see also uncorrected misstatements 2021 below)				*63,230
Revenue		*63,230			

* This error reflects sample testing only and has not been extrapolated over the prior year revenue population

Uncorrected misstatements – 2021

In the 2021 Report to those charged with governance an uncorrected misstatement of £49,609 was reported which was shown as the net amount. We have included the gross amount of this misstatement below for further clarity.

Area	Issue	SoCNE		SoFP	
		Debit £'000	Credit £'000	Debit £'000	Credit £'000
Accrued Income	Understatement of accrued income			124,885	
Revenue			124,885		
Revenue		75,276			
Deferred Income					75,276

APPENDIX ONE

LETTER OF REPRESENTATION

[Client Letterhead]

The Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
BELFAST
BT 7 1EU

LETTER OF REPRESENTATION: NORTHERN IRELAND SOCIAL CARE COUNCIL 2021-22

I acknowledge as Accounting Officer and Chief Executive of the Northern Ireland Social Care Council my responsibility for preparing accounts that give a true and fair view of the state of affairs, net expenditure, cash flows, Changes in Taxpayers' Equity; and the related notes of the Northern Ireland Social Care Council for the year ended 31 March 2022.

In preparing the accounts, I was required to:

- observe the accounts direction issued by the Department of Health (DoH) and apply appropriate accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed and disclosed and explain any material departures in the accounts; and
- make an assessment that Northern Ireland Social Care Council is a going concern and will continue to be in operation throughout the next year; and ensure that this has been appropriately disclosed in the financial statements.

I confirm that for the financial year ended 31 March 2022:

- neither I nor my staff authorised a course of action, the financial impact of which is that transactions infringe the requirements of regularity as set out in Managing Public Money Northern Ireland;
- having considered and enquired as to the Northern Ireland Social Care Council's compliance with law and regulations, I am not aware of any actual or potential non-compliance that could have a material effect on the ability of the Northern Ireland Social Care Council to conduct its business or on the results and financial position disclosed in the accounts;

- all accounting records have been provided to you for the purpose of your audit and all transactions undertaken by the Northern Ireland Social Care Council have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all management meetings which you have requested have been supplied to you;
- the information provided regarding the identification of related parties is complete; and the related party disclosures in the financial statements are adequate;

All material accounting policies as adopted are detailed in note 1 to the accounts.

INTERNAL CONTROL

I acknowledge as Accounting Officer and Chief Executive my responsibility for the design and implementation of internal controls to prevent and detect error and I have disclosed to you the results of my assessment of the risk that the financial statements could be materially misstated.

I confirm that I have reviewed the effectiveness of the system of internal control and that the disclosures I have made are in accordance with DoF guidance on the Governance Statement.

FRAUD

I acknowledge as Accounting Officer and Chief Executive my responsibility for the design and implementation of internal controls to prevent and detect fraud and I have disclosed to you the results of my assessment of the risk that the financial statements could be materially misstated as a result of fraud.

I am not aware of any fraud or suspected fraud affecting the Northern Ireland Social Care Council and no allegations of fraud or suspected fraud affecting the financial statements has been communicated to me by employees, former employees, analysts, regulators or others.

ASSETS

General

All assets included in the Statement of Financial Position were in existence at the reporting period date and owned by the Northern Ireland Social Care Council and free from any lien, encumbrance or charge, except as disclosed in the accounts. The Statement of Financial Position includes all tangible assets owned by the Northern Ireland Social Care Council.

Non Current Assets

All assets over £5,000 are capitalised. They are revalued every 5 years by Land and Property Services. Depreciation is calculated to reduce the net book amount of each asset to its estimated residual value by the end of its estimated useful life in the Northern Ireland Social Care Council's operations.

Other Current Assets

On realisation in the ordinary course of the Northern Ireland Social Care Council's operations the other current assets in the Statement of Financial Position are expected to produce at least the

amounts at which they are stated. Adequate provision has been made against all amounts owing to Northern Ireland Social Care Council which are known, or may be expected, to be irrecoverable.

LIABILITIES

General

All liabilities have been recorded in the Statement of Financial Position.

There were no significant losses in the year and no provisions for losses were required at the year end.

Contingent Liabilities

I am not aware of any pending litigation which may result in significant loss to Northern Ireland Social Care Council and I am not aware of any action which is or may be brought against the Northern Ireland Social Care Council under the Insolvency (Northern Ireland) Order 1989 and the Insolvency (Northern Ireland) Order 2005.

OTHER DISCLOSURES

Results

Except as disclosed in the accounts, the results for the year were not materially affected by transactions of a sort not usually undertaken by the Northern Ireland Social Care Council, or circumstances of an exceptional or non-recurring nature.

Uncorrected misstatements

The following uncorrected misstatements have been brought to my attention:

- potential overstatement of the dilapidations accrual of £22k, this would result in a lower creditors amount and a £22k credit to the income statement;
- understatement of pay awards accrual of £6.5k, this would result in a higher creditors figure and a charge of £6.5k to the income statement
- recognition of £63k income in 21-22 which related to the prior period. This would result in a reduction to revenue and uplift to opening reserves

Prior year uncorrected misstatements

The following prior year uncorrected misstatement has been brought to my attention:

- An understatement of accrued registration fee income of £125k.
- An understatement of deferred registration fee income of £75k
- The net impact of both adjustments would have been the recognition of an additional amount of revenue of £49,609 in the 20-21 financial statements

Accounting Estimates

The methods, significant assumptions and the data used in making the accounting estimates and the related disclosures are appropriate to achieve recognition, measurement or disclosure that is in accordance with the financial reporting framework.

The accounting policy for NISCC has always been to defer annual fees, where applicable. The increase of deferred income to £370k at the end of FY22 is not a change in accounting policy but as a result of an improvement in data management and refining the calculation of deferred income to a more accurate number. 2020- 2021 was not a typical year due to a temporary waiver of registration fees and impact of covid leading to volatility in consistency of member numbers.

Events after the Reporting Period

Except as disclosed in the accounts, there have been no material changes since the reporting period date affecting liabilities and commitments, and no events or transactions have occurred which, though properly excluded from the accounts, are of such importance that they should have been brought to notice.

Accounting Estimates

The methods, significant assumptions and the data used in making the accounting estimates and the related disclosures are appropriate to achieve recognition, measurement or disclosure that is in accordance with the financial reporting framework.

Management of Personal Data

There was one data breach during the year which has been disclosed in the Directors' Report and this was reported to the Information Commissioner's Office (ICO). A full investigation was carried out and recommendations put in place. The ICO confirmed they were satisfied with the action taken by the Social Care Council in response to the incident.

Patricia Higgins

Accounting Officer

Northern Ireland Social Care Council

05 October 2022

APPENDIX TWO

AUDIT CERTIFICATE

Northern Ireland Social Care Council

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

Opinion on financial statements

I certify that I have audited the financial statements of the Northern Ireland Social Care Council for the year ended 31 March 2022 under the Health and Personal Social Services Act (Northern Ireland) 2001. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes including significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by the Government Financial Reporting Manual.

I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of Northern Ireland Social Care Council's affairs as at 31 March 2022 and of the Northern Ireland Social Care Council's net expenditure for the year then ended; and
- have been properly prepared in accordance with the Health and Personal Social Services Act (Northern Ireland) 2001 and Department of Health directions issued thereunder.

Emphasis of Matter

I draw attention to Note 4.3 of the financial statements, which explains the increase in deferred income to £370k in 2021-22 (£6k in 2020-21). This was due to a refinement of the deferred income estimation process and the absence of the difficulties in estimating the 2020-21 balance arising from the COVID-19 pandemic, including the temporary waiver of registration fees; volatility of registrant numbers; and registrants often paying later than the date due. My opinion is not modified in respect of this matter.

Opinion on regularity

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

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 'Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of this certificate. My staff and I are independent of Northern Ireland Social Care Council in accordance with the ethical requirements

that are relevant to my audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard, and have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinions.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that Northern Ireland Social Care Council's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Northern Ireland Social Care Council's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

The going concern basis of accounting for Northern Ireland Social Care Council is adopted in consideration of the requirements set out in the Government Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

My responsibilities and the responsibilities of the Council and the Accounting Officer with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the annual report other than the financial statements, the parts of the Accountability Report described in that report as having been audited, and my audit certificate and report. The Council and the Accounting Officer are responsible for the other information included in the annual report. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Department of Health directions made under the Health and Personal Social Services Act (Northern Ireland) 2001; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Northern Ireland Social Care Council and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report and Accountability Report. 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 parts of the Accountability Report to be audited are not in agreement with the accounting records; or
- certain disclosures of remuneration specified by the Government Financial Reporting Manual are not made; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with the Department of Finance's guidance.

Responsibilities of the Council and Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer Responsibilities, the Council and the Accounting Officer are responsible for

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- such internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- assessing the Northern Ireland Social Care Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by Northern Ireland Social Care Council will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Health and Personal Social Services Act (Northern Ireland) 2001.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue a certificate that

includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included:

- obtaining an understanding of the legal and regulatory framework applicable to the Northern Ireland Social Care Council through discussion with management and application of extensive public sector accountability knowledge. The key laws and regulations I considered included the Health and Personal Social Services Act (Northern Ireland) 2001 and the Department of Health directions issued thereunder;
- making enquires of management and those charged with governance on Northern Ireland Social Care Council's compliance with laws and regulations;
- making enquiries of internal audit, management and those charged with governance as to susceptibility to irregularity and fraud, their assessment of the risk of material misstatement due to fraud and irregularity, and their knowledge of actual, suspected and alleged fraud and irregularity;
- completing risk assessment procedures to assess the susceptibility of Northern Ireland Social Care Council's financial statements to material misstatement, including how fraud might occur. This included, but was not limited to, an engagement director led engagement team discussion on fraud to identify particular areas, transaction streams and business practices that may be susceptible to material misstatement due to fraud. As part of this discussion, I identified potential for fraud in the posting of unusual journals;
- engagement director oversight to ensure the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with the applicable legal and regulatory framework throughout the audit;
- documenting and evaluating the design and implementation of internal controls in place to mitigate risk of material misstatement due to fraud and non-compliance with laws and regulations;
- designing audit procedures to address specific laws and regulations which the engagement team considered to have a direct material effect on the financial statements in terms of misstatement and irregularity, including fraud. These audit procedures included, but were not limited to, reading SMT and committee minutes, and agreeing financial statement disclosures to underlying supporting documentation and approvals as appropriate;
- addressing the risk of fraud as a result of management override of controls by:
 - performing analytical procedures to identify unusual or unexpected relationships or movements;
 - testing journal entries to identify potential anomalies, and inappropriate or unauthorised adjustments;
 - assessing whether judgements and other assumptions made in determining accounting estimates were indicative of potential bias; and
 - investigating significant or unusual transactions made outside of the normal course of business.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

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

Report

I have no observations to make on these financial statements.

Dorinnia Carville

Comptroller & Auditor General

106 Northern Ireland Audit Office

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Belfast

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APPENDIX THREE

IMPLEMENTATION OF PRIOR YEAR PRIORITY ONE RECOMMENDATIONS

There were no prior year priority one audit recommendations.

DRAFT