

December 8th, 2016

**Notice Of Meeting**

You are invited to attend the Audit Committee Meeting to be held on **Thursday, 8th December 2016** at **2:00 pm** in the **Mourne Room Downshire Estate Downpatrick.**

Councillor P Brown

Councillor C Casey

Councillor L Devlin

Councillor C Enright

Councillor T Hearty

Councillor M Murnin

Councillor P Ó'Grínbín

Councillor G Sharvin

Councillor J Trainor

Councillor M Ruane

# Agenda

## \*\*\*\* Pre Meeting \*\*\*\*

A Pre Meeting with Members of the Audit Committee and Mr Joe Campbell Chairperson , will take place (Thursday 8 December 2016) from 1.00pm - 1.30pm, in the Commedagh Room Downshire Estate Downpatrick.

Please note this meeting is only to be attended by Members and Chairperson.

### 1) Apologies.

### 2) Declarations of Interest.

### 3) Action Sheet arising from Minutes of Audit Committee Meeting held on 22 September 2016. (Copy enclosed)

*Item 3 - Action Sheet - Sept 2016.pdf*

*Page 1*

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*Chairperson of Audit Committee*

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### 4) Audit Committee Self Assessment Checklist. (Copy enclosed)

*Item 4 - Rpt Audit Cmttee Self Assessment.pdf*

*Page 6*

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*Corporate Services*

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### 5) Corporate Risk Register. (Copy enclosed)

*Item 5 - Rpt Corporate Risk Register.pdf*

*Page 36*

### 6) Update re: Internal Audit Recommendations. (Copy enclosed)

*Item 6 - Rpt re Implementation of Audit Recommendations.pdf*

*Page 59*

*Appendix - Item 6 - IA Masterlist December 2016.pdf*

*Page 61*

### 7) Statistics re Prompt Payments. (Copy enclosed)

## **8) Fraud & Whistleblowing. (Copy enclosed)**

NB: STANDING ITEM

This item is deemed to be restricted by virtue of Paragraph 3 of Part 1 of Schedule 6 of the Local Government Act (Northern Ireland) 2014 - Information relating to the financial or business affairs of any particular person (including the Council holding that information) and the public may, by resolution, be excluded during this item of business.

*Item 8 - Rpt re Fraud and Whistleblowing.pdf*

**Not included**

## **9 a) Management Accounts - review of format. (Copy enclosed)**

This item is deemed to be restricted by virtue of Paragraph 3 of Part 1 of Schedule 6 of the Local Government Act (Northern Ireland) 2014 - information relating to the financial or business affairs of any particular person (including the Council holding that information) and the public may, by resolution, be excluded during this item of business.

*Item 9 - Rpt Review of Management Accounts.pdf*

**Not included**

## **9 b) Terms of Reference - Big Screen Review. (Copy enclosed)**

This item is deemed to be restricted by virtue of Paragraph 3 of Part 1 of Schedule 6 of the Local Government Act (Northern Ireland) 2014 - Information relating to the financial or business affairs of any particular person (including the Council holding that information)

*Extra Item (9b) Rpt re Big screen.pdf*

**Not included**

*Extra Item (9b) - Appendix TOR - Big Screen.pdf*

**Not included**

## **10) Internal Audit Contract. (Copy enclosed)**

This item is deemed to be restricted by virtue of Paragraph 3 of Part 1 of Schedule 6 of the Local Government Act (Northern Ireland) 2014 - information relating to the financial or business affairs of any particular person (including the Council holding that information) and the public may, by resolution, be excluded during this item of business.

*Item 10 - Rpt re Internal Audit Contract.pdf*

**Not included**

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*Internal Audit - ASM Limited*

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## **11) Summary Report. (Copy enclosed)**

Note - the following Reports are also attached below:

Trade Waste - Final

## Building Control - Final

This item is deemed to be restricted by virtue of Paragraph 3 of Part 1 of Schedule 6 of the Local Government Act (Northern Ireland) 2014 - information relating to the financial or business affairs of any particular person (including the Council holding that information) and the public may, by resolution, be excluded during this item of business.

|  |                     |
|--|---------------------|
| <i>Item 11 - ASM Summary Report.pdf</i>      | <b>Not included</b> |
| <i>Item 11 Appendix Building Control.pdf</i> | <b>Not included</b> |
| <i>Item 11 Appendix Trade Waste.pdf</i>      | <b>Not included</b> |

## 12) Fleet Management - Draft.

NOTE: This item will be deferred to the next Audit Committee Meeting - April 2017.

This item is deemed to be restricted by virtue of Paragraph 3 of Part 1 of Schedule 6 of the Local Government Act (Northern Ireland) 2014 - information relating to the financial or business affairs of any particular person (including the Council holding that information) and the public may, by resolution, be excluded during this item of business.

## 13) Internal Audit Plan 2016/2017 - Draft. (Copy enclosed)

This item is deemed to be restricted by virtue of Paragraph 3 of Part 1 of Schedule 6 of the Local Government Act (Northern Ireland) 2014 - information relating to the financial or business affairs of any particular person (including the Council holding that information).

|  |                     |
|--|---------------------|
| <i>Item 13 - Internal Audit Plan 2016-2017.pdf</i> | <b>Not included</b> |
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NIAO

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## 14) Report to Those Charged with Governance. (Copy enclosed)

This item is deemed to be restricted by virtue of Paragraph 3 of Part 1 of Schedule 6 of the Local Government Act (Northern Ireland) 2014 - Information relating to the financial or business affairs of any particular person (including the Council holding that information).

|                                       |                     |
|---------------------------------------|---------------------|
| <i>Item 14 - Letter re RTTCWG.pdf</i> | <b>Not included</b> |
| <i>Item 14 - RTTCWG.pdf</i>           | <b>Not included</b> |

## 15) Performance Improvement Plan. (Copy enclosed)

NB: STANDING ITEM

|  |                |
|--|----------------|
| <i>Item 15 - Performance Improvement.pdf</i>         | <b>Page 76</b> |
| <i>Item 15 - App I - Performance Improvement.pdf</i> | <b>Page 79</b> |

## 16) Annual Audit Letter.



NOTE: This item will not be presented.

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*For Noting*

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**17) Assessment of Performance of Chairperson of Audit Committee. (Copy enclosed)**

*Item 17 - Rprt re Assessment of Chairman's performance.pdf*

*Page 94*

**18) Audit Committee Terms of Reference. (Copy enclosed)**

*Item 18 re Terms of Reference.pdf*

*Page 99*

**19) Circular: Department for Communities (LG19/16) - Guidance on Prompt Payments. (Copy enclosed)**

*Item 19 - Circular - Guidance on Prompt Payments.pdf*

*Page 102*

**20) Decision Making Process. (Copy enclosed)**

*Item 20 - Council Decision Making Processes.pdf*

*Page 106*

# Invitees

|                          |  |
|--------------------------|--|
| Cllr Terry Andrews       | <a href="mailto:terry.andrews@downdc.gov.uk">terry.andrews@downdc.gov.uk</a>                             |
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**ACTION SHEET- AUDIT COMMITTEE – THURSDAY 22 SEPTEMBER 2016**

| AGENDA ITEM | SUBJECT  | DECISION   | FOR COMPLETION BY DIRECTOR – including actions taken/date completed or progress to date if not yet completed  |
|-------------|--|--|---|
| AC/72/2016  | Action Sheet Arising out of Minutes of Audit Committee Meeting 4.7.2016. | <p><b>Council Decision Making Processes – Updated Process Maps - deferred to the next Audit Committee Meeting.</b></p> <p><b>Issues raised by Councillor Enright to be addressed in a report to the Strategy, Policy and Resources Committee.</b></p> <p><b>M&amp;E consultancy team for the Down Leisure Centre be invited to a meeting of the Strategy, Policy and Resources Committee, to which all Councillors would be invited, for a question and answer session on this issue. (PLEASE NOTE THIS ACTION WAS AGREED AT COUNCIL 3.10.16)</b></p> <p><b>Ms C Carville Director Corporate Services, to report back to the next Audit Committee Meeting regarding the format of the Management Accounts.</b></p> | <p>Noted – agenda item</p> <p>Completed. Comparison of figures (Action AC/25/2016) and discussion with M &amp; E consultants took place at S P &amp; R Committee meeting on 17 November 2016.</p> <p>Completed – Agenda item.</p> |
| AC/73/2016  | Statement of Accounts  | <p><b>Audited Statement of Accounts including the Annual Governance Statement approved.</b></p> <p><b>Hard copies of the Statement of Accounts to be provided in future.</b></p>   | Noted.  |
| AC/82/2016  | Corporate Risk Register  | <b>Noted.</b>  |   |

| AGENDA ITEM | SUBJECT  | DECISION   | FOR COMPLETION BY DIRECTOR – including actions taken/date completed or progress to date if not yet completed |
|-------------|--|--|--|
| AC/83/2016  | Fraud & Whistleblowing                                 | <b>Noted.</b>  |  |
| AC/84/2016  | Performance Improvement Audit                          | <b>Noted.</b>  |  |
| AC/85/2016  | NIAO National Fraud Initiative                         | <b>Noted.</b>  |  |
| AC/86/2016  | NIAO Local Government Auditors Report 2016             | <b>Noted.</b>  |  |
| AC/87/2016  | Process re Audit Committee – Self-Assessment Checklist | <p><b>NAO Checklist to be used by Newry, Mourne and Down District Council Audit Committee to carry out its self-assessment, with the Chairman leading the self-assessment exercise.</b></p> <p><b>Completed self-assessment checklist to be tabled at the next meeting of the Audit Committee.</b></p> | Completed – agenda item  |
| AC/88/2016  | Circulars for Noting                                   | <b>Noted.</b>  |  |

| <b>AGENDA ITEM</b> | <b>SUBJECT</b>   | <b>DECISION</b>   | <b>FOR COMPLETION BY DIRECTOR – including actions taken/date completed or progress to date if not yet completed</b> |
|--------------------|--|---|---|
| AC/89/2016         | Council Decision making Processes – Updated Process Maps               | <b>Matter deferred to the next Audit Committee Meeting.</b>                                     | Noted – agenda item   |
| AC/90/2016         | Process re Assessment of Performance of Chairperson of Audit Committee | <b>Chairperson’s performance to be carried out by the Chief Executive and Councillor Casey.</b> | Completed – agenda item   |

| AGENDA ITEM         | SUBJECT  | DECISION      | FOR COMPLETION BY DIRECTOR – including actions taken/date completed or progress to date if not yet completed |
|---------------------|--|---------------|--|
| <b>EXEMPT ITEMS</b> |  |               |  |
| AC/75/2016          | NIAO Draft Report to those charged with Governance                                     | <b>Noted.</b> |  |
| AC/76/2016          | Internal Audit – Summary Report  | <b>Noted.</b> |  |
| AC/77/2016          | Draft Internal Audit Report – Trade Waste  | <b>Noted.</b> |  |
| AC/78/2016          | Verbal Update – Community Centre Audit   | <b>Noted.</b> |  |
| AC/79/2016          | Department of Finance re Internal Audit Opinions and Prioritisation of Recommendations | <b>Noted.</b> |  |

| <b>AGENDA<br/>ITEM</b> | <b>SUBJECT</b>                                | <b>DECISION</b> | <b>FOR COMPLETION BY<br/>DIRECTOR – including actions taken/date<br/>completed or progress to date if not yet<br/>completed</b> |
|------------------------|---|-----------------|---|
| AC/80/2016             | Internal Audit<br>Recommendations -<br>Update | <b>Noted.</b>   |   |



|   |  |
|---|--|
| <b>Report to:</b>                                   | <b>Audit Committee</b>                             |
| <b>Date of Meeting:</b>                             | 8 December 2016                                    |
| <b>Subject:</b>                                     | <b>Audit Committee Self-Assessment 2016/17</b>     |
| <b>Reporting Officer<br/>(Including Job Title):</b> | Joe Campbell, Independent Chair Of Audit Committee |
| <b>Contact Officer<br/>(Including Job Title):</b>   | Joe Campbell, Independent Chair Of Audit Committee |

**Decisions required:** Members are asked to consider and approve the contents of this report.

|            |   |
|------------|---|
| <b>1.0</b> | <b>Purpose and Background:</b>  |
| 1.1        | <p>It was agreed at the Audit Committee meeting of 22<sup>nd</sup> September 2016 to use the NAO best practice checklist to carry out its self-assessment, with the Chairman leading the self-assessment exercise. The completed self-assessment checklist would then be tabled at the next meeting of the Audit Committee.</p> <p>The Chairman completed the questionnaire in draft and circulated to Elected Members for comment on 1<sup>st</sup> November. Attached for consideration and approval is the completed final self-assessment checklist (excluding Section II: Role of the Chair which was considered independently of the Chairman and is a separate report).</p> <p>Members can take reassurance from the number of good practice questions that have been answered 'yes' demonstrating that the Audit Committee is following best practice and operating effectively.</p>  |
| <b>2.0</b> | <b>Key issues:</b>  |
| 2.1        | <p>Having completed the self-assessment checklist, a small number of improvements are recommended:</p> <p><b>Principle 3: Skills</b></p> <p>(a) Induction training to new Members to be formalised.<br/> (b) Parties to be asked to give consideration to appointing Elected Members for a term greater than one year where possible to build up knowledge and skills, (term appointment referred to in Principle 2, Question 9).</p> <p><b>Principle 4: Scope of Work</b></p> <p>(c) The Audit Committee should satisfy itself that the scope of work listed in Principle 4 is defined in its terms of reference and encompasses all the assurance needs required.<br/> (d) Assurance is obtained from Management that a robust process is in place to prepare the financial statements.<br/> (e) The Audit Committee satisfies itself that the resources allocated to internal audit work is adequate to address the risks of the organisation.<br/> (f) The audit fee levied by External Audit is kept under review.</p> |

|            |   |
|------------|---|
|            | <p>(g) Officers to table a report on code of conduct for employees to a future meeting.</p> <p><b>Section III: Committee Support</b></p> <p>(h) Officers to strive to ensure that all papers are provided on a timely basis to Democratic Services so that papers are issued in compliance with standing orders so that Members have sufficient time to review.</p> |
| <b>3.0</b> | <b>Recommendations:</b>   |
| 3.1        | Members are asked to approve the contents of this report.   |
| <b>4.0</b> | <b>Resource implications</b>  |
| 4.1        | None.   |
| <b>5.0</b> | <b>Equality and good relations implications:</b>  |
| 5.1        | None.   |
| <b>6.0</b> | <b>Appendices</b>   |
|            | Appendix 1: Completed self-assessment checklist   |



National Audit Office

## **GOOD PRACTICE**

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# **The Audit Committee self-assessment checklist**

**2nd edition January 2012**

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**Financial Management and Reporting**

**Our vision is to help the nation spend wisely.**

**We apply the unique perspective of public audit to help Parliament and government drive lasting improvement in public services.**

The National Audit Office scrutinises public spending for Parliament and is independent of government. The Comptroller and Auditor General (C&AG), Amyas Morse, is an Officer of the House of Commons and leads the NAO, which employs some 860 staff. The C&AG certifies the accounts of all government departments and many other public sector bodies. He has statutory authority to examine and report to Parliament on whether departments and the bodies they fund have used their resources efficiently, effectively, and with economy. Our studies evaluate the value for money of public spending, nationally and locally. Our recommendations and reports on good practice help government improve public services, and our work led to audited savings of more than £1 billion in 2011.

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# Contents

**Introduction 4****Section I**

Good practice principles for Audit  
Committees 6

**Section II**

The role of the Chair: good practice 21

**Section III**

Committee support: good practice 24

## Introduction

1 This Checklist<sup>1</sup> has been designed to help Audit Committees in central government assess how well they apply good practice. The criteria we have used are derived largely from the Audit Committee Handbook (March 2007)<sup>2</sup> published by HM Treasury.

2 The Handbook highlights five good practice principles which aim to answer the following key questions:

- **Principle 1: The Role of the Audit Committee** – Does the Audit Committee effectively support the Board and the Accounting Officer by reviewing the completeness of assurances to satisfy their needs, and by reviewing the reliability and integrity of these assurances?
- **Principle 2: Membership, Independence, Objectivity and Understanding** – Is the Audit Committee suitably independent and objective, and does each member have a good understanding of the objectives, priorities and risks of the organisation, and of their role on the Audit Committee?
- **Principle 3: Skills** – Does the Audit Committee contain or have at its disposal an appropriate mix of skills to perform its functions well?
- **Principle 4: Scope of Work** – Is the scope of the Audit Committee suitably defined, and does it encompass all the assurance needs of the Board and Accounting Officer?
- **Principle 5: Communication** – Does the Committee engage effectively with Financial and Performance Reporting issues, and with the work of internal and external audit? And does the Audit Committee communicate effectively with the Accounting Officer, the Board, and other stakeholders?

3 For each principle, we have developed a series of Good Practice Questions to help Audit Committees conclude whether they are meeting these principles. These are set out in **Section I** of this checklist.

4 In addition, the role of the Chair and the provision of appropriate secretariat support are key for an effective Audit Committee. The Handbook details Good Practice Questions on these two roles. **Sections II** and **III** of this checklist include questions that will enable the Audit Committee to determine if they currently meet this guidance.

1 This Checklist was originally published in November 2009 and has been updated (January 2012) to reflect the requirement for departments, their executive agencies and arm's-length bodies to produce a Governance Statement in place of the Statement on Internal Control in their annual report and accounts for 2011-12 onwards. Guidance on the Governance Statement is set out in the revised Chapter 3 of Managing Public Money (HM Treasury, 2011)

2 *Corporate governance in central government departments: Code of good practice* (HM Treasury, July 2011) provides that Audit Committees should be established and function in accordance with the *Audit Committee Handbook* (HM Treasury, March 2007).

### How to use this Checklist

5 To help Audit Committees conclude as to whether they are meeting the Principles highlighted above, we have developed Good Practice Questions to inform the thinking process. These Questions are phrased to identify 'yes', 'no' or 'not applicable' responses.

6 We recognise, though, that organisations and their Audit Committees vary considerably in their size and in the complexity of issues that they deal with. In some circumstances, it may therefore be more appropriate to only use the more important Questions to help inform debate – and we have highlighted these in **bold**.

7 Also, the checklist is not exhaustive, and should the Audit Committee or their organisation feel that they have experience of other good working practice that will make the Committee work more effectively, they should not be deterred from implementing these practices, after consulting with the Board, if appropriate.

### NAO Facilitated Workshops

8 To help Audit Committees use this checklist, the National Audit Office, as part of its performance improvement work, offers **Facilitated Workshops** for Audit Committees to help them use a tailored version of this checklist and draw conclusions as to their effectiveness. In this way, the workshop provides an opportunity for individual Audit Committees to work together, away from their normal business, to assess how well they work and establish areas to develop further. The workshop is followed up with an Action Plan that draws from the decisions and actions raised. This Action Plan will be owned by the Audit Committee, and act as the means by which decisions are implemented and reviewed.

9 If you would like the NAO to facilitate a workshop for your Audit Committee, please ask your usual NAO contact or Client Lead.

10 This checklist is also available as a Word document to enable Audit Committees to record their responses electronically.

### National Audit Office

November 2009

# Section I

## Good practice principles for Audit Committees

### Principle 1: The role of the Audit Committee

The Audit Committee should support the Board and the Accounting Officer by reviewing the comprehensiveness of assurances in meeting the Board and Accounting Officer's assurance needs, and reviewing the reliability and integrity of these assurances.

#### Good Practice Questions

| Terms of Reference  | Yes                                 | No                       | N/A                      |
|---|-------------------------------------|--------------------------|--------------------------|
| 1 Have all executive responsibilities, and making or endorsing of decisions been excluded from the roles and responsibilities of the Audit Committee members?   | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2 Does the Audit Committee follow up recommendations regarding its effectiveness?   | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3 <b>Does the Audit Committee's role include monitoring and reviewing the executive's processes for assessing, reporting and owning business risks and their financial implications?</b>              | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4 <b>Has the role and responsibilities of the Audit Committee been clearly defined and communicated to all Audit Committee members, along with details of how the Committee supports the Board?</b>   | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5 <b>Are the Terms of Reference reviewed at least annually by the Board and the Audit Committee, to ensure that the work of the Audit Committee is aligned with good practice and business needs?</b> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6 <b>Do the Terms of Reference include rules for a quorum?</b>  | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 7 <b>Does the Audit Committee meet regularly (at least four times a year), and do meetings coincide with key dates in the financial reporting and audit cycle?</b>                                    | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |



**Additional Comments:**

The terms of reference of the Audit Committee is reviewed annually by both the Audit Committee and Full Council. The terms of reference sets out the role and responsibilities of members.

**Conclusions**

Do we achieve **Principle 1: The Role of the Audit Committee** – Does the Audit Committee support effectively the Board and the Accounting Officer by reviewing the comprehensiveness of assurances to satisfy their needs, and by reviewing the reliability and integrity of these assurances?

**What do we need to do to enhance the Audit Committee?**

No recommendation made as the Audit Committee is fully adhering to Principle 1.

Where we have carried out the self-assessment before, the audit committee has improved its performance against:

- 1  none of the good practice questions.
  - 2  some of the good practice questions.
  - 3  most, if not all of the good practice questions.
-

## Principle 2: Membership, Independence, Objectivity and Understanding

The Audit Committee should be independent and objective; in addition, each member should have a good understanding of the objectives and priorities of the organisation and of their role as an Audit Committee member.

### Good Practice Questions

| Independence  | Yes                                 | No                       | N/A                                 |
|---|-------------------------------------|--------------------------|-------------------------------------|
| 8 Is the Chair of the Audit Committee different from the Chair of the Board?  | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| 9 Are the Audit Committee members either independent non-executive Board members or independent external members, and have they been appointed for an appropriate period of time (e.g. three years)?                        | <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| <b>Relationship with the Executive</b>  |                                     |                          |                                     |
| 10 Are the Executive members of the organisation invited to attend Audit Committee meetings, participate in discussions, and provide information to the Audit Committee as and when the Audit Committee deems it necessary? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| <b>Other Participants</b>   |                                     |                          |                                     |
| 11 Where appropriate, does a representative from the sponsoring body attend the Audit Committee meetings (e.g. if an Executive Agency, does a member of the Sponsoring Department attend the meeting)?                      | <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 12 Does the Accounting Officer, Finance Director, Head of Internal Audit and the External Auditor routinely attend the Audit Committee, or attend at the request of the Audit Committee members?                            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| 13 Are the numbers attending the Audit Committee meetings sufficient to deal adequately with the agenda, but not too many to blur issues?   | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| <b>Conflict of Interest</b>   |                                     |                          |                                     |
| 14 Is the first agenda item of every meeting a request for the Audit Committee members to declare any potential conflict of interest with any of the business items on the Audit Committee's agenda?                        | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |

| <b>Conflict of Interest (continued)</b> |   | <b>Yes</b>                          | <b>No</b>                | <b>N/A</b>                          |
|---|---|-------------------------------------|--------------------------|-------------------------------------|
| <b>15</b>                               | In instances where there is a declaration of interest in any of the agenda business items, are appropriate actions taken, e.g. is the member asked to leave the meeting while the business item is being discussed? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| <b>16</b>                               | In instances where the conflict of interest is likely to last for a long time, has the Audit Committee member been asked to relinquish his or her membership?   | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| <b>17</b>                               | Are the Audit Committee members required to declare their interest in a register of interests?  | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| <b>Terms of Appointment</b>             |   |                                     |                          |                                     |
| <b>18</b>                               | <b>Do all Audit Committee members have a clear understanding of what is expected of them in their role, set out in a letter of appointment, including:</b>  |                                     |                          |                                     |
| a.                                      | their appointment and purpose;  | <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| b.                                      | the support and training that they will receive;  | <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| c.                                      | the commitment required;  | <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| d.                                      | their remuneration;   | <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| e.                                      | conflict of interest procedures;  | <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| f.                                      | expected conduct;   | <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| g.                                      | duration of appointment and how often it may be renewed;  | <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| h.                                      | how their individual performance will be appraised, including a clear understanding of what would be regarded as unsatisfactory performance; and  | <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| i.                                      | termination conditions?   | <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

**Additional Comments:**

Elected Members are nominated annually by their party groupings to serve on the Audit Committee and therefore a formal letter of appointment is not applicable.

**Conclusions**

Do we achieve **Principle 2: Membership, Independence, Objectivity and Understanding** – Is the Audit Committee suitably independent and objective, and does each member have a good understanding of the objectives, priorities and risks of the organisation, and of their role on the Audit Committee?

**What do we need to do to enhance the Audit Committee?**

No recommendation made as the Audit Committee is fully adhering to applicable good practice questions in Principle 2.

Where we have carried out the self-assessment before, the audit committee has improved its performance against:

- 1  none of the good practice questions.
  - 2  some of the good practice questions.
  - 3  most, if not all of the good practice questions.
-

### Principle 3: Skills

The Audit Committee should collectively possess an appropriate skills mix to perform its functions well.

#### Good Practice Questions

| Range of Skills  | Yes                                 | No                       | N/A                                 |
|--|-------------------------------------|--------------------------|-------------------------------------|
| 19 Are there formal assessment criteria for the appointment of the Audit Chair, including attitudes to non-executives, strength of personality, experience of chairing, and time commitment? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| 20 Do the assessment criteria of Committee members include, or expect Audit Committee members to acquire as soon as possible after appointment:  |                                     |                          |                                     |
| a. understanding of the objectives of the organisation and current significant issues for the organisation;  | <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| b. understanding of the organisation's structure, including key relationships such as that with a sponsoring department or major partner;  | <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| c. understanding of the organisation's culture;  | <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| d. understanding of any relevant legislation or other rules governing the organisation; and  | <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| e. broad understanding of the government environment, particularly accountability structures and current major initiatives?  | <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 21 Does the Audit Committee ensure that there are areas of collective understanding, including:  |                                     |                          |                                     |
| a. accountancy – with at least one member having recent and relevant financial experience;   | <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| b. governance, assurance and risk management;  | <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| c. audit;  | <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| d. technical or specialist issues pertinent to the organisation's business;  | <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| e. experience of managing similar sized organisations;   | <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| f. understanding of the wider environments in which the organisation operates; and   | <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| g. detailed understanding of the government environment and accountability structures?   | <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

| Additional Skills               |  | Yes                                 | No                                  | N/A                                 |
|---------------------------------|--|-------------------------------------|-------------------------------------|-------------------------------------|
| <b>22</b>                       | <b>Do the Audit Committee members feel empowered to:</b>   |                                     |                                     |                                     |
| a.                              | co-opt members for a period of less than one year to provide specialist skills that the members do not have to be an effective Committee;  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/>            |
| b.                              | procure specialist advice at reasonable approved expense to the organisation, on an ad-hoc basis to support them in relation to particular pieces of Committee business.   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/>            |
| <b>Training and Development</b> |  |                                     |                                     |                                     |
| <b>23</b>                       | <b>Is there an induction checklist for new Audit Committee members that details key things that they must do e.g. visits to important business locations, meetings with Board, Risk Manager, Internal Audit and External Auditors?</b> | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| <b>24</b>                       | Do all new members of the Audit Committee attend an induction training course for Audit Committee members run by the National School of Government, or other sector-related organisation?  | <input type="checkbox"/>            | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| <b>25</b>                       | Does the Audit Committee ensure that new members have sufficient knowledge of the business to identify the key risk areas and to challenge both line management and internal and external auditors on critical and sensitive issues?   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/>            |
| <b>26</b>                       | Does the Audit Committee and the Chair make recommendations to the Board on the Committee's and individual members training needs?   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/>            |
| <b>27</b>                       | Does the Audit Committee keep abreast of best practice and developments in corporate governance in central government and more widely?   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/>            |

### Additional Comments:

Elected Members are nominated annually to serve on the Audit Committee by their party groupings and therefore a formal assessment of requisite skills is not applicable. However Elected Members do have the requisite knowledge of the areas listed in Question 20 through serving on other Council Committees and attending Full Council meetings.

The Council has also appointed an Independent Member to the Audit Committee who has the requisite skills listed in Question 21.

Training is organised annually for existing and new members of the Audit Committee.

### Conclusions

Do we achieve **Principle 3: Skills** – Does the Audit Committee contain or have at its disposal an appropriate mix of skills to perform its functions well?

#### What do we need to do to enhance the Audit Committee?

Most of the good practice questions on skills have been answered as 'not applicable' as Elected Members are nominated annually to serve on the Audit Committee by their party groupings. It is recommended that

- (a) Induction training to new Members to be formalised.
- (b) Parties to be asked to give consideration to appointing Elected Members for a term greater than one year where possible to build up knowledge and skills, ( term appointment referred to in Principle 2, Question 9).

Where we have carried out the self-assessment before, the audit committee has improved its performance against:

- 1  none of the good practice questions.
  - 2  some of the good practice questions.
  - 3  most, if not all of the good practice questions.
-

### Principle 4: Scope of Work

The scope of the Audit Committee's work should be defined in its Terms of Reference, and encompass all the assurance needs of the Board and Accounting Officer. Within this, the Audit Committee should have particular engagement with the work of Internal Audit, the work of External Auditor, and Financial Reporting issues.

#### Good Practice Questions

|    | Relationship with Internal Audit  | Yes                                 | No                       | N/A                                 |
|----|---|-------------------------------------|--------------------------|-------------------------------------|
| 28 | Does the Audit Committee consider the independence and effectiveness of Internal Audit?   | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| 29 | Does the Audit Committee consider that the experience, expertise and professional standard of the Internal Audit team are appropriate for the size, complexity, and inherent risk of the organisation?                      | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| 30 | Does the Audit Committee consider that the scope of Internal Audit work, the available resources at its disposal, and their access to information and people allow it to address significant risks within the organisation? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| 31 | Does the Audit Committee review and approve the Internal Audit plan before they commence any work and make suggestions regarding risk and problem areas that the audit could address in the short and long term?            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| 32 | Does the Audit Committee receive regular progress reports on studies/work undertaken by Internal Audit?   | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| 33 | Does the Audit Committee review internal audit reports and management responses to issues raised, and monitor the progress made on Internal Audit's recommendations?  | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
|    | <b>Relationship with External Audit</b>   |                                     |                          |                                     |
| 34 | Where relevant, does the Audit Committee consider the independence, objectivity, and effectiveness of the External Auditors?  | <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 35 | Does the Audit Committee periodically obtain the views of the External Auditor on the work and effectiveness of the Audit Committee?  | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |



| <b>Relationship with External Audit (continued)</b>              |   | <b>Yes</b>                          | <b>No</b>                           | <b>N/A</b>               |
|--|---|-------------------------------------|-------------------------------------|--------------------------|
| 36   | Is the Audit Committee informed by the External Auditors on an annual basis as to their quality control procedures and compliance with applicable UK ethics guidance?   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| 37   | <b>Does the Audit Committee consider the External Auditor's Audit Strategy before they commence work, and make suggestions regarding risk and problem areas the audit could address in the short and long term?</b>   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| 38   | <b>Do the External Auditors inform the Audit Committee of key developments and issues at key stages of the audit?</b>   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| 39   | Where relevant, does the Audit Committee review the audit fees?   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| 40   | <b>Does the Audit Committee consider the management letter and other relevant reports (e.g. the NAO's Value for Money work), and the management's response, and monitor the progress made on the recommendations?</b> | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| <b>Relationship between Internal Audit and External Auditors</b> |   |                                     |                                     |                          |
| 41   | Does the Audit Committee consider whether there are areas where joint working between Internal Audit and the External Auditors would be beneficial?   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| 42   | Does the Audit Committee seek confirmation from Internal Audit and the External Auditors on the effectiveness of the relationship?  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| <b>Fraud</b>   |   |                                     |                                     |                          |
| 43   | <b>Does the Audit Committee consider whether effective anti-fraud and corruption policies and procedures are in place and operating effectively?</b>  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| 44   | Does the Audit Committee consider whether there is a code of conduct and its distribution to employees?   | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 45   | Does the Audit Committee consider whether management arrangements for whistle-blowing are satisfactory?   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |

|  | Yes                                 | No                       | N/A                                 |
|--|-------------------------------------|--------------------------|-------------------------------------|
| <b>Internal Control</b>  |                                     |                          |                                     |
| 46 Does the Audit Committee consider whether corporate governance is embedded throughout the organisation, rather than treated as a compliance exercise?                                     | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| 47 Does the Audit Committee consider whether the system of internal reporting gives early warning of control failures and emerging risks?  | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| 48 <b>Does the Audit Committee consider whether the Governance Statement is sufficiently comprehensive and meaningful, and the evidence that underpins it?</b>                               | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| 49 <b>Does the Audit Committee satisfy itself that the system of internal control has operated effectively throughout the reporting period?</b>  | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| 50 Does the Audit Committee consider whether financial control, including the structure of delegations, enables the organisation to achieve its objectives and achieve good value for money? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| 51 Does the Audit Committee monitor whether the organisation's procedures for identifying and managing business risk have regard for the relevant legislation and regulation?                | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| <b>Financial Reporting</b>   |                                     |                          |                                     |
| 52 Does the Audit Committee review the first draft of the annual accounts before the External Auditors start work on them?   | <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 53 Before the Accounting Officer signs off the Annual Report and Financial Statements, does the Audit Committee consider:  |                                     |                          |                                     |
| a. that the accounting policies in place comply with relevant requirements, particularly the Treasury's Financial Reporting Manual and Accounts Direction;                                   | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| b. that there has been a robust process in preparing the accounts and annual report;   | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |

| Financial Reporting (continued) |  | Yes                                 | No                       | N/A                                 |
|---------------------------------|--|-------------------------------------|--------------------------|-------------------------------------|
| c.                              | whether the accounts and annual report have been subjected to sufficient review by management and by the Accounting Officer and/or Board;  | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| d.                              | that when new or novel accounting treatments arise, whether appropriate advice on accounting treatment has been taken;   | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| e.                              | whether there is an appropriate anti-fraud policy in place, and whether losses are suitably recorded;  | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| f.                              | whether suitable processes are in place to ensure accurate financial records are kept;   | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| g.                              | whether suitable processes are in place to ensure regularity and propriety is achieved; and  | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| h.                              | whether issues raised by the External Auditors have been given appropriate attention.  | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| 54                              | Where the accounts have been qualified, does the Audit Committee consider the action taken by the Board to deal with the causes of the qualification?  | <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 55                              | Does the Audit Committee satisfy itself that the annual financial statements represent fairly the financial position of the organisation, regardless of the pressures on executive management? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| 56                              | Before the Accounting Officer signs off the Letter of Representation, does the Audit Committee review it and give particular attention to non-standard issues of representation?               | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |

**Additional Comments:**

During the past year, the Audit Committee has considered reports from Internal Audit, External Audit, reviewed both the draft financial statements and the final audited financial statements, and considered reports on risk, fraud and whistleblowing.

**Conclusions**

Do we achieve **Principle 4: Scope of Work** – Is the scope of the Audit Committee suitably defined, and does it encompass all the assurance needs of the Board and Accounting Officer?

**What do we need to do to enhance the Audit Committee?**

In general, the Audit Committee is adhering to applicable good practice questions in Principle 4. The following improvements are recommended:

- (c) The Audit Committee should satisfy itself that the scope of work listed in Principle 4 is defined in its terms of reference and encompasses all the assurance needs required.
- (d) Assurance is obtained from Management that a robust process is in place to prepare the financial statements.
- (e) The Audit Committee satisfies itself that the resources allocated to internal audit work is adequate to address the risks of the organisation.
- (f) The audit fee levied by External Audit is kept under review.
- (g) Officers to table a report on code of conduct for employees to a future meeting.

Where we have carried out the self-assessment before, the audit committee has improved its performance against:

- 1  none of the good practice questions.
  - 2  some of the good practice questions.
  - 3  most, if not all of the good practice questions.
-

### Principle 5: Communication

The Audit Committee should ensure it has effective communication with the Board, the Head of Internal Audit, the External Auditor, and other stakeholders.

#### Good Practice Questions

| Reporting to the Board |   | Yes                                 | No                       | N/A                      |
|------------------------|---|-------------------------------------|--------------------------|--------------------------|
| 57                     | Does the Audit Committee send regular reports or provide oral updates to the Board that they review at their meetings?  | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 58                     | Does the Audit Committee provide an Annual Report to the Board, timed to support preparation of the Governance Statement?   | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 59                     | Does the Annual Report of the Audit Committee present the Committee's opinion about:  |                                     |                          |                          |
| a.                     | the comprehensiveness of assurances in meeting the Board and Accounting Officers needs;   | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| b.                     | the reliability and integrity of these assurances;  | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| c.                     | whether the assurance available is sufficient to support the Board and Accounting Officer in their decisions taken and their accountability obligations;                                    | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| d.                     | the implication of these assurances for the overall management of risk;   | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| e.                     | any issues the Audit Committee considers pertinent to the Governance Statement, and any long-term issues the Committee thinks the Board and/or Accounting Officer should give attention to; |                                     |                          |                          |
| f.                     | financial reporting for the year;   | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| g.                     | the quality of both Internal and External Audit and their approach to their responsibilities; and   | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| h.                     | the Audit Committee's view of its own effectiveness, including advice on ways in which it considers it needs to be strengthened or developed.   | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

**Additional Comments:**

The Audit Committee did produce an annual report for 2015/16 and an action has been agreed for the Committee to review its own effectiveness during 2016/17.

**Conclusions**

Do we achieve **Principle 5: Communication** – Does the Committee engage effectively with Financial and Performance Reporting issues, and with the work of internal and external audit? And does the Audit Committee communicate effectively with the Accounting Officer, the Board and other stakeholders?

**What do we need to do to enhance the Audit Committee?**

No recommendation made as the Audit Committee is fully adhering to applicable good practice questions in Principle 5.

Where we have carried out the self-assessment before, the audit committee has improved its performance against:

- 1  none of the good practice questions.
  - 2  some of the good practice questions.
  - 3  most, if not all of the good practice questions.
-

## Section II

### The role of the Chair: good practice

The Chair of the Audit Committee has particular responsibility for ensuring that the work of the Audit Committee is effective, that the Committee is appropriately resourced, and that it is maintaining effective communication with stakeholders.

#### Good Practice Questions

| Agenda Setting  | Yes                      | No                       | N/A                      |
|---|--------------------------|--------------------------|--------------------------|
| 60 Is the Board Secretary different from the Audit Committee Secretary?   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 61 Does the Chair of the Audit Committee meet with the Committee Secretary before every meeting to discuss and agree the business for the meeting?  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 62 Are inputs on Any Other Business formally requested in advance from Committee members and attendees?   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 63 Are outline agendas planned one year ahead to cover core activities and specific issues on a cyclical basis?   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 64 Does the agenda exclude executive business, so that there is no overlap with the work of the Board whilst linking to the main elements of the organisation's business?   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 65 Are the meetings set for a length of time which allows all business to be conducted, yet not so long that the meeting becomes ineffective?   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 66 Does the Chair encourage full and open discussion and invite questions at the Audit Committee meetings?  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <b>Communication</b>  |                          |                          |                          |
| 67 <b>Does the Chair of the Audit Committee have open lines of communication with the Board, Head of Internal Audit, and the External Auditors?</b>   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 68 Does the Chair encourage all Committee members to have regular interface with the organisation and its activities to help them understand the organisation, its objectives, and business needs and priorities? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 69 <b>Do reports to the Audit Committee communicate relevant information at the right frequency, time, and in a format that is effective?</b>   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 70 Does the Audit Committee issue guidelines concerning the format and content of the papers to be presented to the Committee?  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

|  | Yes                      | No                       | N/A                      |
|--|--------------------------|--------------------------|--------------------------|
| <b>Monitoring Actions</b>  |                          |                          |                          |
| <b>71 Does the Chair or the Secretariat ensure that all action points from Committee meetings are appropriately acted upon?</b>                                      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <b>72 Does the Chair or the Secretariat ensure that members who have missed a meeting are appropriately briefed on the business conducted in their absence?</b>      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <b>73 Is a report on matters arising made and minuted at the Audit Committee's next meeting?</b>   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <b>Appraisal</b>   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <b>74 Does the Chair ensure that the Committee members are provided with an appropriate appraisal of their performance as a Committee member?</b>                    | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <b>75 Does the Audit Committee Chair seek appraisal of their personal performance from the Accounting Officer or Chair of the Board?</b>                             | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <b>76 Are Audit Committee meetings well attended, with records of attendance maintained and reviewed annually by the Board?</b>                                      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <b>Appointments</b>  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <b>77 Is the Chair involved in the appointment of new Committee members, including providing advice on the skills and experience required of the new individual?</b> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |



### Additional Comments:

### Conclusions

Do we meet **Good Practice: the Role of the Chair** – Is the Committee appropriately resourced, work planned in advance as far as possible, and effective communication with stakeholders maintained?

**What do we need to do to enhance the Audit Committee?**

Where we have carried out the self-assessment before, the audit committee has improved its performance against:

- 1  none of the good practice questions.
  - 2  some of the good practice questions.
  - 3  most, if not all of the good practice questions.
-

## Section III

### Committee support: good practice

The Audit Committee should be provided with appropriate Secretariat support to enable it to be effective. This is more than a minute-taking function – it involves providing proactive support for the work of the Committee, and helping its members to be effective in their role.

#### Good Practice Questions

| Does the Audit Committee Secretariat:  | Yes                                 | No                       | N/A                      |
|--|-------------------------------------|--------------------------|--------------------------|
| 78 Commission papers as necessary to support agenda items?   | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 79 Circulate meeting documents to all Committee members, Internal Audit and External Auditors in good time before each meeting, to allow members time to study and understand the information e.g. at least one week before the meeting?                                     | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 80 Arrange for Executives/senior management to be available as necessary to discuss specific agenda items with the Audit Committee during meetings?  | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 81 <b>Keep records of meetings and minutes after they have been approved by the Audit Chair and circulate them to Committee members, Head of Internal Audit, External Auditors, Board, and the Accounting Officer on a timely basis e.g. within one week of the meeting?</b> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 82 <b>Ask for confirmation that the minutes are a true and fair representation of a summary of the business taken by the Audit Committee?</b>  | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 83 Ensure that the minutes clearly state all agreed actions, the responsible owner, when they will be done by and any advice given from any stakeholders?  | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

| Does the Audit Committee Secretariat: (continued) |   | Yes                                 | No                       | N/A                                 |
|---|---|-------------------------------------|--------------------------|-------------------------------------|
| 84  | Ensure action points are being taken forward between meetings?  | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| 85  | Support the Chair in the preparation of Audit Committee reports to the Board?   | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| 86  | Arrange the Chair's bilateral meetings with:  |                                     |                          |                                     |
|   | a. the Accounting Officer, the Head of Internal Audit, Director of the External Auditors;   | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
|   | b. the Chair of the Board of sponsored NDPBs.   | <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 87  | Keep the Chair and members in touch with developments and relevant background information about developments in the organisation? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| 88  | Maintain a record of when members' terms of appointment are due for renewal or termination?                                       | <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 89  | Ensure that appropriate appointment processes are initiated when required?  | <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

**Additional Comments:**

The Chair is very appreciative of the excellent secretariat support provided by Democratic Services.

**Conclusions**

Do we meet **Good Practice: Support for the Committee** – Does the Committee receive appropriate support from its secretariat?

**What do we need to do to enhance the Audit Committee?**

In general, the Audit Committee is adhering to applicable good practice questions in Section III. The following recommendation is made:

(h) Officers to strive to ensure that all papers are provided on a timely basis to Democratic Services so that papers are issued in compliance with standing orders so that Members have sufficient time to review.

Where we have carried out the self-assessment before, the audit committee has improved its performance against:

- 1  none of the good practice questions.
  - 2  some of the good practice questions.
  - 3  most, if not all of the good practice questions.
-



## Where to find out more

The National Audit Office website is

[www.nao.org.uk](http://www.nao.org.uk)

Links to other websites

[www.hm-treasury.gov.uk/audit\\_committee\\_handbook.htm](http://www.hm-treasury.gov.uk/audit_committee_handbook.htm)

[www.hm-treasury.gov.uk/d/mpm\\_annex3.1.pdf](http://www.hm-treasury.gov.uk/d/mpm_annex3.1.pdf)

If you would like to know more about  
the NAO's work in this area please email

[Z5-FMGP@nao.gsi.gov.uk](mailto:Z5-FMGP@nao.gsi.gov.uk)

[www.nao.org.uk/financial-management](http://www.nao.org.uk/financial-management)

Twitter: [@NAOorguk](https://twitter.com/NAOorguk)

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|   |   |
|---|---|
| <b>Report to:</b>                                   | Audit Committee                                   |
| <b>Date of Meeting:</b>                             | 8 December 2016                                   |
| <b>Subject:</b>                                     | <b>Corporate Risk Register</b>                    |
| <b>Reporting Officer<br/>(Including Job Title):</b> | Dorinnia Carville, Director of Corporate Services |
| <b>Contact Officer<br/>(Including Job Title):</b>   | Dorinnia Carville, Director of Corporate Services |

|                               |   |
|-------------------------------|---|
| <b>Decisions required:</b>    |   |
| For consideration and noting. |   |
| <b>1.0</b>                    | <b>Purpose and Background:</b>  |
| 1.1                           | <p><b>Corporate Risk Register:</b><br/>The SMT review the Corporate Risk Register on a bi-monthly basis, with the last review in October 2016. Following this review, a number of changes were recommended to reflect the changing risk environment, as well as updating any actions taken to date in the period.</p> <p>Attached is the tracked changes version of the Corporate Risk Register with changes since the date of the previous Audit Committee highlighted so members can see how risks have developed since the last meeting.</p> <p><b>Update on the Development of the Risk Management Framework:</b><br/>A Director and Assistant Director Assurance Statement has been developed and agreed by SMT. This will initially be completed quarterly by each Director and Assistant Director and presented to the Chief Executive.</p> <p>Directorate Risk Registers have now been completed for each Directorate. These are in draft form and require a further review for consistency before they will become live working documents. The Directorate Risk Registers will be considered monthly within Directorates and presented to SMT on a rotational basis and will be used to support and drive the Corporate Risk Register.</p> |
| <b>2.0</b>                    | <b>Key issues:</b>  |
| 2.1                           | <p>It is proposed to remove the following three risks in January 2017, following successful completion of the actions to be taken:</p> <ul style="list-style-type: none"> <li>• CR 3 – Failure to provide our elected member with adequate support;</li> <li>• CR 9 – Inadequate plans for new powers and responsibilities resulting in failure to adequately deliver services;</li> <li>• CR 10 – Fraud, Bribery and Corruption impacting on services.</li> </ul> <p>It is also proposed to split CR 8 into three separate risks. The current risk is “failure to have the necessary resourcing (people/systems/budget) to deliver efficient and effective services”. There will be a separate risk for resourcing, IT</p>   |

|            |  |
|------------|--|
|            | and budgets.   |
| <b>3.0</b> | <b>Recommendations:</b>  |
| 3.1        | For consideration by the Audit Committee on a quarterly basis. |
| <b>4.0</b> | <b>Resource implications</b>                                   |
| 4.1        | None   |
| <b>5.0</b> | <b>Equality and good relations implications:</b>               |
| 5.1        | None   |
| <b>6.0</b> | <b>Appendices</b>  |
|            | Appendix I: NMD Corporate Risk Register – December 2016        |





Comhairle Ceantair  
**an Iúir, Mhúrn  
agus an Dúin**

**Newry, Mourne  
and Down**  
District Council

**Newry, Mourne & Down Council**

**Corporate Risk Register**

**December 2016**

**Version Control**

|   | Date  |
|---|---|
| <b>Last reviewed by SMT</b><br><br>- <i>Next review due</i>             | 4 October 2016<br><i>6 December 2016</i>    |
| <b>Last reviewed by Audit Committee</b><br><br>- <i>Next review due</i> | 22 September 2016<br><i>8 December 2016</i> |
| <b>Last reviewed by Council</b><br><br>- <i>Next review due</i>         | <i>9 January 2017</i>                       |

**Risk Matrix**

| Risk Assessment Matrix |                 |       |             |          |          |        |          |
|------------------------|-----------------|-------|-------------|----------|----------|--------|----------|
|                        |                 |       | PROBABILITY |          |          |        |          |
|                        |                 |       | Rare        | Unlikely | Possible | Likely | V Likely |
|                        |                 | Score | 1           | 2        | 3        | 4      | 5        |
| CONSEQUENCES           | Fundamental     | 5     | 5           | 10       | 15       | 20     | 25       |
|                        | Major           | 4     | 4           | 8        | 12       | 16     | 20       |
|                        | Moderate        | 3     | 3           | 6        | 9        | 12     | 15       |
|                        | Minor           | 2     | 2           | 4        | 6        | 8      | 10       |
|                        | Not significant | 1     | 1           | 2        | 3        | 4      | 5        |

## Likelihood of Event or Incident Occurring

| Likelihood of Event or Incident occurring |       |  |
|---|-------|--|
| Likelihood Descriptor                     | Score | Probability / Likelihood (of event or incident occurring over lifetime of Corporate Plan). |
| Very Likely                               | 5     | The event is more likely than not to occur.  |
| Likely                                    | 4     | The event is likely to occur.  |
| Possible                                  | 3     | There is a reasonable chance of the event occurring.                                       |
| Unlikely                                  | 2     | There event is unlikely to occur.  |
| Rare                                      | 1     | The event will occur only in exceptional circumstances.                                    |

**Risk Categories and Risk Appetite**

| <b>Risk Categories</b>                  | <b>Risk Appetite / Attitude</b> |
|---|---------------------------------|
| Statutory Duty (Legal/Regulatory)       | Low                             |
| Financial                               | Low                             |
| Quality of Service                      | High                            |
| Buildings/Engineering/Environmental     | Low                             |
| Impact on individuals (staff or public) | Low                             |
| Business operational/reputational       | Medium                          |

## Risk Overview

| Risk | Risk Title   | Residual Risk |            |                | Movement Since last review | Risk Owner      |
|------|--|---------------|------------|----------------|----------------------------|-----------------|
|      |  | Impact        | Likelihood | Weighted Score |                            |                 |
| 1    | Failure to develop and improve our tourism offering  | 3             | 3          | 9              | ↔                          | Director ERT    |
| 2    | Failure to implement and manage a capital investment programme for the district                                      | 3             | 4          | 12             | ↔                          | Director SPP    |
| 3    | <del>Failure to provide our elected members with adequate support</del>  | 2             | 2          | 4              | REMOVE                     | Chief Executive |
| 4    | Failure to empower and support our communities and to implement a community plan to improve the district             | 3             | 3          | 9              | ↔                          | Director AHC    |
| 5    | Non-compliance with legislative requirements   | 3             | 3          | 9              | ↔                          | Director CS     |
| 6    | Failure to effectively manage waste  | 4             | 4          | 16             | ↔                          | Director RTS    |
| 7    | Failure to provide accurate and timely planning decisions  | 3             | 4          | 12             | ↔                          | Director RTS    |
| 8    | Failure to have necessary resourcing (people/systems /budget) to deliver efficient and effective services.           | 4             | 5          | 20             | ↔                          | Director CS     |
| 9    | <del>Inadequate plans for new powers and responsibilities resulting in failure to adequately deliver services.</del> | 2             | 3          | 6              | Remove<br>↔                | Chief Executive |
| 10   | <del>Fraud, bribery and corruption impacting on services.</del>  | 4             | 2          | 8              | ↔<br>Remove                | Director CS     |
| 11   | Failure to adequately plan for a major incident.   | 5             | 3          | 15             | ↔                          | Director CS     |
| 12   | Ineffective corporate communications (internal and external) impacts significantly on services and on reputation.    | 2             | 4          | 8              | ↔                          | Director SPP    |
| 13   | Failure to implement an economic development programme to regenerate the district and attract inward investment      | 3             | 3          | 9              | ↑                          | Director ERT    |

|    |   |   |   |    |   |              |
|----|---|---|---|----|---|--------------|
| 14 | The unknown implication of the possible negative effects of Brexit on NMDDC | 4 | 5 | 20 | ↔ | Director SPP |
|----|---|---|---|----|---|--------------|

| CR.1 Failure to develop and improve our tourism offering  |                     |            |          | Risk Owner: Director of ERT  |               |            |          |  |                                   |
|---|---------------------|------------|----------|--|---------------|------------|----------|--|-----------------------------------|
| Link to strategic objective: 1, 2, 5  |                     |            |          | Risk Category: Business Operation/Reputational   |               |            |          |  |                                   |
| Risk Description/<br>potential root cause   | Gross/Inherent Risk |            |          | Key Controls Identified  | Residual Risk |            |          | Action Plan  | Target Date                       |
|   | Impact              | Likelihood | Weighted |  | Impact        | Likelihood | Weighted |  |                                   |
| <ul style="list-style-type: none"> <li>Insufficient resources to deliver tourism strategy</li> <li>Failure to engage stakeholders (public &amp; private sector)</li> <li>Lack of central government buy in</li> <li>Lack of cohesive</li> </ul> | 4                   | 3          | 12       | <ul style="list-style-type: none"> <li>Effective engagement and collaboration securing political backing</li> <li>Dedicated Tourism Team in place</li> <li>Tourism Elected Members Task and Finish Group in place</li> <li>Detailed budgeting process in operation</li> <li>Regular scrutiny of</li> </ul> | 3             | 3          | 9        | <ul style="list-style-type: none"> <li>Adoption and Implementation of Tourism strategy. Tourism Strategy under development with Industry engagement workshops currently taking place. Draft Strategy to be completed in Oct 2016</li> <li>Establishment of a Tourism forum incorporating private and public sector stakeholders</li> </ul> | December 2016<br><br>January 2017 |



| political buy in North & South  |            |          | budget variances by SMT and within Directorates |            |          |  |            |          |               |   |    |   |             |  |
|---|------------|----------|---|------------|----------|--|------------|----------|---------------|---|----|---|-------------|--|
| CR.2 Failure to implement and manage a capital investment programme for the district  |            |          |   |            |          | Risk Owner: Director of SPP  |            |          |               |   |    |   |             |  |
| Link to strategic objective: 1, 2, 3, 5   |            |          |   |            |          | Risk Category: Financial/Business Operational  |            |          |               |   |    |   |             |  |
| Risk Description/<br>potential root cause   |            |          | Gross/Inherent Risk                             |            |          | Key Controls Identified  |            |          | Residual Risk |   |    | Action Plan   | Target Date |  |
| Impact  | Likelihood | Weighted | Impact  | Likelihood | Weighted | Impact   | Likelihood | Weighted |               |   |    |   |             |  |
| <ul style="list-style-type: none"> <li>Failure to adequately resource the capital programme</li> <li>Lack of cohesive political support</li> <li>Failure to effectively manage capital contracts</li> </ul> |            |          | 4   | 5          | 20       | <ul style="list-style-type: none"> <li>Monthly review of spend against budget</li> <li>Dedicated project management teams</li> <li>Professionally qualified and experienced staff</li> </ul> |            |          | 3             | 4 | 12 | <ul style="list-style-type: none"> <li>Annual review and update of capital plan as part of rates budgeting process.</li> <li>Training and capacity building for teams</li> <li>Devise four year capital plan in accordance with Prudential code indicators</li> </ul> |             | Dec 2016<br><br>Autumn 16 – March 17<br><br>Dec 16 |



| CR.3 Failure to provide our elected members with adequate support   |  |                     |            |          |   | Risk Owner: Chief Executive   |  |               |            |          |   |                               |
|---|--|---------------------|------------|----------|---|---|--|---------------|------------|----------|---|-------------------------------|
| Link to strategic objective: All  |  |                     |            |          |   | Risk Category: Statutory Duty/Financial/Business Operational/Reputational |  |               |            |          |   |                               |
| Risk Description/<br>potential root cause   |  | Gross/Inherent Risk |            |          | Key Controls Identified   |   |  | Residual Risk |            |          | Action Plan   | Target Date                   |
|   |  | Impact              | Likelihood | Weighted |   |   |  | Impact        | Likelihood | Weighted |   |                               |
| <ul style="list-style-type: none"> <li>Members have inadequate capacity to fulfil roles as decision makers</li> <li>Officers not providing adequate professional advice and information</li> <li>Members do not have adequate administrative</li> </ul> |  | 5                   | 4          | 20       | <ul style="list-style-type: none"> <li>Dedicated Democratic Services unit in place</li> <li>Elected member development working group established, with tailored training programme</li> <li>Package of technical and administrative member support in place</li> <li>Professionally qualified staff to provide information and advice</li> <li>Induction meetings for new Councillors</li> <li>Information booklet</li> </ul> |   |  | 2             | 2          | 4        | <ul style="list-style-type: none"> <li>On-going development of member support programme</li> <li>NM&amp;DDC to be reaccredited to the Elected Member Development Charter</li> </ul> | On-going<br><br>December 2016 |

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| support.   |            |                     |   |        | prepared for all Councillors with contact details for staff members   |               |          |   |   |             |
|--|------------|---------------------|---|--------|---|---------------|----------|---|---|-------------|
| CR.4 Failure to empower & support our communities and to implement a community plan to improve the district  |            |                     |   |        | Risk Owner: Director of AHC   |               |          |   |   |             |
| Link to strategic objective: 3, 7  |            |                     |   |        | Risk Category: Quality of Service, Impact on Individuals, Business Operational/Reputational   |               |          |   |   |             |
| Risk Description/<br>potential root cause  |            | Gross/Inherent Risk |   |        | Key Controls Identified   | Residual Risk |          |   | Action Plan   | Target Date |
| Impact   | Likelihood | Weighted            |   | Impact |   | Likelihood    | Weighted |   |   |             |
| <ul style="list-style-type: none"> <li>Failure to engage stakeholders (private and public sector)</li> <li>Insufficient resources/lack of finance</li> <li>Failure to build capacity among community groups</li> <li>Dissatisfaction of communities</li> </ul> |            | 4                   | 5 | 20     | <ul style="list-style-type: none"> <li>Dedicated Teams in place</li> <li>Adequate funding in place via financial assistance programme</li> <li>Professionally qualified teams in place</li> <li>Community Engagement Strategy developed and presented to Active and Healthy Committee, subsequently ratified at Council during March</li> </ul> | 3             | 3        | 9 | <ul style="list-style-type: none"> <li>Implement capacity building programme</li> <li>Delivery of financial assistance programme</li> </ul> | Ongoing     |
|  |            |                     |   |        |   |               |          |   |   |             |

| causing reputational damage   |                     |            |          | 2016   |   |            |          |  |   |
|---|---------------------|------------|----------|--|---|------------|----------|--|---|
| CR.5 Non-compliance with legislative requirements   |                     |            |          |  | Risk Owner: Director of CS  |            |          |  |   |
| Link to strategic objective: 4, 8   |                     |            |          |  | Risk Category: Statutory Duty, Business Operational/Reputational, Impact on Individuals |            |          |  |   |
| Risk Description/<br>potential root cause   | Gross/Inherent Risk |            |          | Key Controls Identified  | Residual Risk   |            |          | Action Plan  | Target Date                                   |
|   | Impact              | Likelihood | Weighted |  | Impact  | Likelihood | Weighted |  |   |
| <ul style="list-style-type: none"> <li>Failure to understand legal requirements</li> <li>Lack of resources</li> <li>Untrained staff</li> <li>Non-compliance leading to prosecution</li> </ul> | 5                   | 5          | 25       | <ul style="list-style-type: none"> <li>Policies and procedures in place</li> <li>Dedicated skilled teams in place for:                             <ul style="list-style-type: none"> <li>Health and Safety</li> <li>Procurement</li> <li>HR</li> <li>Legal (including information management)</li> <li>Planning</li> </ul> </li> <li>Health and Safety Committees in place and</li> </ul> | 3   | 3          | 9        | <ul style="list-style-type: none"> <li>Review and update policies and procedures</li> <li>Staff training in the following areas:                             <ul style="list-style-type: none"> <li>Procurement</li> <li>Information management</li> <li>Planning</li> </ul> </li> </ul> | March 17<br><br>Sept 16<br>Sept 16<br>June 16 |

|   |                     |            |          | ongoing programme of training in place   |   |            |          |  |             |
|---|---------------------|------------|----------|--|---|------------|----------|--|-------------|
| CR.6 Failure to effectively manage waste  |                     |            |          |  | Risk Owner: Director of RTS   |            |          |  |             |
| Link to strategic objective: 1, 4 8   |                     |            |          |  | Risk Category: Statutory Duty, Buildings/Engineering/Environment, Quality of Service. |            |          |  |             |
| Risk Description/<br>potential root cause   | Gross/Inherent Risk |            |          | Key Controls Identified  | Residual Risk   |            |          | Action Plan  | Target Date |
|   | Impact              | Likelihood | Weighted |  | Impact  | Likelihood | Weighted |  |             |
| <ul style="list-style-type: none"> <li>Insufficient resources</li> <li>Market forces enable commercial operators to increase prices</li> <li>Failure to plan effectively for future (including financial planning)</li> </ul> | 4                   | 5          | 20       | <ul style="list-style-type: none"> <li>Long term waste strategic plan in place</li> <li>Partnership working with key stakeholders</li> <li>Necessary resources in place</li> <li>Strategic waste group in place which meets quarterly. Members include the Directors of RTS, the AD of Waste Management and a number of Councillors</li> </ul> | 4   | 4          | 16       | <ul style="list-style-type: none"> <li>Implementation of long term strategic plan</li> </ul> | March 2017  |

| Risk Description/<br>potential root cause   |            | Gross/Inherent Risk |        |  | Key Controls Identified                                   | Residual Risk |    |   | Action Plan          | Target Date |
|---|------------|---------------------|--------|--|---|---------------|----|---|----------------------|-------------|
| Impact  | Likelihood | Weighted            | Impact | Likelihood   |   | Weighted      |    |   |                      |             |
| CR.7 Failure to provide accurate and timely planning decisions  |            |                     |        |  | Risk Owner: Director of RTS                               |               |    |   |                      |             |
| Link to strategic objective: 1, 2, 4, 5, 8  |            |                     |        |  | Risk Category: Finance, Business Operational/Reputational |               |    |   |                      |             |
| <ul style="list-style-type: none"> <li>Ineffective and/or inadequate resources</li> <li>Insufficient capacity building for members</li> <li>Cultural inertia</li> <li>Ineffective technology</li> <li>Political interference</li> </ul> | 4          | 5                   | 20     | <ul style="list-style-type: none"> <li>Dedicated Planning Committee in operation</li> <li>Programme in place to build officer and member capacity</li> <li>Cultural change programme on-going</li> <li>Action plan in place to reduce backlog</li> </ul> | 3   | 4             | 12 | <ul style="list-style-type: none"> <li>Rollout of training programme for officers and members</li> <li>Implement action plan to reduce backlog in line with timeframe set</li> <li>Upgrade of technical infrastructure</li> </ul> | Sept 2016            |             |
|   |            |                     |        |  |   |               |    |   | Ongoing              |             |
|   |            |                     |        |  |   |               |    |   | Completion Sept 2018 |             |



| CR.8 Failure to have necessary resourcing (people/systems/budget) to deliver efficient and effective services  |  |                     |            |          |  |  | Risk Owner: Director of CS  |               |            |          |  |  |
|--|--|---------------------|------------|----------|--|--|---|---------------|------------|----------|--|--|
| Link to strategic objective: All   |  |                     |            |          |  |  | Risk Category: Finance, Impact on individuals, Quality of Service |               |            |          |  |  |
| Risk Description/<br>potential root cause  |  | Gross/Inherent Risk |            |          | Key Controls Identified  |  |   | Residual Risk |            |          | Action Plan  | Target Date  |
|  |  | Impact              | Likelihood | Weighted |  |  |   | Impact        | Likelihood | Weighted |  |  |
| <ul style="list-style-type: none"> <li>Absenteeism</li> <li>Failure to attract and retain employees</li> <li>IT infrastructure not adequate to support services</li> <li>Failure to effectively plan and manage finances in line with statutory and other</li> </ul> |  | 5                   | 5          | 25       | <ul style="list-style-type: none"> <li>Policies and procedures in place</li> <li>Monitoring of absenteeism by SMT</li> <li>Processes in place for specifying and filling posts (Matching, trawling, public advert)</li> <li>Qualified HR, IT &amp; Finance professionals in place</li> <li>Detailed budgeting process in operation</li> <li>Member led efficiency working group</li> <li>Regular scrutiny of budget variances by SMT and within Directorates.</li> <li>Independent Audit Committee in place</li> <li>Development of IT strategy</li> </ul> |  |   | 4             | 5          | 20       | <ul style="list-style-type: none"> <li>Embedding org. design</li> <li>- Commence Tier 4 appointments process</li> <li>- Commence Tier 5 appointments process</li> <li>Agree budget and timetable for delivery of IT strategy</li> <li>Delivery efficiency projects in line with agreed timetables of Efficiency working group</li> <li>Carry out detailed budget process for 2017-18 and beyond</li> <li>Produce fully costed medium term</li> </ul> | Aug 2016<br><br>Dec 2016<br><br>October 2016<br>March 2017<br><br>Feb 2017<br><br>Dec 2016 |

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| requirements  |  |                     |            |          |   |   |  | financial plan |            |          |  |             |          |
|---|--|---------------------|------------|----------|---|---|--|----------------|------------|----------|--|-------------|----------|
| <ul style="list-style-type: none"> <li>Low staff morale</li> </ul>  |  |                     |            |          |   |   |  |                |            |          |  |             |          |
| CR.9 Inadequate planning for new powers and responsibilities resulting in failure to adequately deliver services.   |  |                     |            |          |   | Risk Owner: Chief Executive   |  |                |            |          |  |             |          |
| Link to strategic objective: 8  |  |                     |            |          |   | Risk Category: Finance, Impact on Individuals, Business Operational/ Reputational |  |                |            |          |  |             |          |
| Risk Description/<br>potential root cause   |  | Gross/Inherent Risk |            |          | Key Controls Identified   |   |  | Residual Risk  |            |          | Action Plan  | Target Date |          |
|   |  | Impact              | Likelihood | Weighted |   |   |  | Impact         | Likelihood | Weighted |  |             |          |
| <ul style="list-style-type: none"> <li>Failure to plan effectively for transfer of electoral services</li> <li>Failure to effectively plan for transfer of regeneration powers</li> </ul> |  | 3                   | 4          | 12       | <ul style="list-style-type: none"> <li>On-going engagement with NIO</li> <li>Engaging with DFC and updating our plans and projections accordingly</li> <li>Proactive collaborative working by SOLACE group in respect of functions transferred to sector</li> </ul> |   |  | 2              | 3          | 6        | <ul style="list-style-type: none"> <li>Continue to engage and monitor developments in this area</li> </ul> |             | On-going |

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| Risk Description/<br>potential root cause   |            |          |        | Gross/Inherent<br>Risk |          |    | Key Controls Identified  | Residual Risk |   |   | Action Plan  | Target Date |         |        |
|---|------------|----------|--------|------------------------|----------|----|--|---------------|---|---|--|-------------|---------|--------|
| Impact  | Likelihood | Weighted | Impact | Likelihood             | Weighted |    |  |               |   |   |  |             |         |        |
| <ul style="list-style-type: none"> <li>Transfer of planning powers gives more opportunity for fraud and bribery</li> <li>Major changes in organisational environment increasing fraud risk</li> <li>Changes in people and procedures resulting in inadequate</li> </ul> |            |          |        | 4                      | 3        | 12 | <ul style="list-style-type: none"> <li>Professionally qualified planning staff</li> <li>Training for members involved in Planning Committee</li> <li>Governance arrangements in place including:                             <ul style="list-style-type: none"> <li>- Audit Committee</li> <li>- Code of Conduct</li> <li>- Declarations of Interest</li> </ul> </li> <li>Fraud and Bribery policy in place</li> <li>Independent Internal Auditors in place</li> <li>Dedicated staff member with responsibility for fraud</li> </ul> | 4             | 2 | 8 | <ul style="list-style-type: none"> <li>Bribery and Fraud training for members and staff</li> <li>Roll out of Declarations of Interest across wider staff</li> <li>Policies to be reviewed and updated</li> </ul> | Sept 16     | Sept 16 | Oct 16 |

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| systems and procedures   |  |                     |            | Members register of interests published online |  |               |            |          |  |  |
|--|--|---------------------|------------|--|--|---------------|------------|----------|--|--|
| CR.11 Failure to adequately plan for major incident  |  |                     |            |  | Risk Owner: Director of CS   |               |            |          |  |  |
| Link to strategic objective: 4, 3, 6   |  |                     |            |  | Risk Category: Statutory Duty, Impact on Individuals, Business Operational/ Reputational , Buildings/Engineering/Environment   |               |            |          |  |  |
| Risk Description/<br>potential root cause  |  | Gross/Inherent Risk |            |  | Key Controls Identified  | Residual Risk |            |          | Action Plan  | Target Date  |
| <ul style="list-style-type: none"> <li>Natural disasters</li> <li>Camlough Reservoir</li> <li>Localised flooding</li> <li>Harbour disasters</li> <li>Fire</li> <li>Significant IT failure</li> </ul> |  | Impact              | Likelihood | Weighted                                       | <ul style="list-style-type: none"> <li>Business Continuity Plan in place</li> <li>Emergency planning measures in place, including:                             <ul style="list-style-type: none"> <li>Flood risk plan</li> <li>Inter-agency group</li> </ul> </li> <li>Dedicated Emergency Planning team</li> <li>Professionally trained and experienced staff</li> <li>Member of Southern Region Emergency</li> </ul> | Impact        | Likelihood | Weighted | <ul style="list-style-type: none"> <li>Staff awareness training on Emergency Planning and Business Continuity Plan</li> <li>Drills/testing of plans</li> <li>Update Business Continuity Plan</li> <li>Design winter resilience plan</li> </ul> | Dec 2016<br><br>Nov 2016<br><br>Dec 2016<br><br>October 2016 |
|  |  | 5                   | 4          | 20   |  | 5             | 3          | 15       |  |  |

|  |            |                     | Planning Group |        |  |               |          |   |   |                                    |
|--|------------|---------------------|----------------|--------|--|---------------|----------|---|---|------------------------------------|
| CR.12 Ineffective corporate communications (internal & external) impacts significantly on services and on reputation   |            |                     |                |        | Risk Owner: Director of SPP  |               |          |   |   |                                    |
| Link to strategic objective: All   |            |                     |                |        | Risk Category: Impact on individuals, Quality of Service   |               |          |   |   |                                    |
| Risk Description/<br>potential root cause  |            | Gross/Inherent Risk |                |        | Key Controls Identified  | Residual Risk |          |   | Action Plan   | Target Date                        |
| Impact   | Likelihood | Weighted            |                | Impact |  | Likelihood    | Weighted |   |   |                                    |
| <ul style="list-style-type: none"> <li>Failure to effectively engage media</li> <li>Size of new organisation and geographical split (four main sites and mobile workers)</li> <li>Cultural change means not operating on corporate arrangements</li> <li>Not keeping abreast of growth in communication</li> </ul> |            | 4                   | 4              | 16     | <ul style="list-style-type: none"> <li>Dedicated communications team and professional staff</li> <li>Regular meetings with press</li> <li>Monthly Corporate newsletter and six monthly staff briefings by Chief Executive</li> <li>Communications/media policies in place</li> <li>Twitter/Facebook presence of NMD</li> <li>LCNF/Joint forum</li> <li>IT strategy in place to improve IT systems</li> </ul> | 2             | 4        | 8 | <ul style="list-style-type: none"> <li>Increase staff numbers in communications team</li> <li>Media training for members and staff</li> </ul> | On-going<br><br>Sept 16 – March 17 |

| and technologies   |            |                     |        |                         |   |          |  |  |                                 |
|--|------------|---------------------|--------|-------------------------|---|----------|--|--|---------------------------------|
| CR.13 Failure to implement an economic development programme to regenerate the district and attract inward investment  |            |                     |        |                         | Risk Owner: Director of ERT   |          |  |  |                                 |
| Link to strategic objective: 2, 5  |            |                     |        |                         | Risk Category: Finance, Quality of Service  |          |  |  |                                 |
| Risk Description/<br>potential root cause  |            | Gross/Inherent Risk |        | Key Controls Identified | Residual Risk   |          |  | Action Plan  | Target Date                     |
| Impact   | Likelihood | Weighted            | Impact |                         | Likelihood  | Weighted |  |  |                                 |
| <ul style="list-style-type: none"> <li>Failure to engage stakeholders (public and private sector)</li> <li>Lack of resources</li> <li>Reduction in rates income</li> <li>Economic downturn and economic uncertainty</li> </ul> |            | 4                   | 3      | 12                      | <ul style="list-style-type: none"> <li>Economic development and investment strategy in place</li> <li>Economic Forum in operation</li> <li>Rural Development Programme in place</li> <li>Engagement with central government</li> <li>Establishment of Economic Forum</li> </ul> |          |  | <ul style="list-style-type: none"> <li>Implementation of Economic, Development and Investment Strategy and annual review of same</li> <li>Continue to closely monitor effects of Brexit on on-going funding</li> </ul> | <p>On-going</p> <p>On-going</p> |

| <ul style="list-style-type: none"> <li>Impact of Brexit on funding</li> </ul>   |            |                     |   | including public and private sector stakeholder |  |               |          |    |   |   |
|---|------------|---------------------|---|---|--|---------------|----------|----|---|---|
| CR.14 The unknown implication of the possible negative effects of Brexit on NMDDC   |            |                     |   |   | Risk Owner: Director of SPP  |               |          |    |   |   |
| Link to strategic objective: 2, 5, 7 & 8  |            |                     |   |   | Risk Category: Financial, Quality of Service, Impact on individuals (staff or public) & Business operational/reputational  |               |          |    |   |   |
| Risk Description/<br>potential root cause   |            | Gross/Inherent Risk |   |   | Key Controls Identified  | Residual Risk |          |    | Action Plan   | Target Date                               |
| Impact  | Likelihood | Weighted            |   | Impact  |  | Likelihood    | Weighted |    |   |   |
| <ul style="list-style-type: none"> <li>Article 50 being invoked</li> <li>Failure to secure European Funding for Council related activities from 2018</li> <li>Possible reduction in staff due to loss of funding and SME's relocating</li> <li>Possible change in compliance as EU Directives in areas such as procurement, employment law and environmental regulations may no longer be required</li> </ul> |            | 5                   | 5 | 25  | <ul style="list-style-type: none"> <li>Economic development and investment strategy in place</li> <li>Economic Forum in operation</li> <li>Engagement with other Councils, the NI Executive, NILGA and the private sector through the Chamber of Commerce</li> </ul> | 4             | 5        | 20 | <ul style="list-style-type: none"> <li>Establishment of a high level consultation paper with partners along the North and South Border Corridor to consider the full impacts of Brexit and develop solutions</li> <li>The delivery of a Cross Border Conference in Newry on the impact of Brexit to a range of Stakeholders. Recommendations will be agreed to minimise the impact and to ensure the Councils voice is heard at a national</li> </ul> | <p>December 2016</p> <p>December 2016</p> |

|  |  |  |  |  |  |  |  |       |  |
|--|--|--|--|--|--|--|--|-------|--|
|  |  |  |  |  |  |  |  | level |  |
|--|--|--|--|--|--|--|--|-------|--|

|   |   |
|---|---|
| <b>Report to:</b>                                   | Audit Committee   |
| <b>Date of Meeting:</b>                             | 8 December 2016   |
| <b>Subject:</b>                                     | <b>Implementation of Internal Audit Recommendations</b> |
| <b>Reporting Officer<br/>(Including Job Title):</b> | Gerard Byrne, Audit Services Manager                    |
| <b>Contact Officer<br/>(Including Job Title):</b>   | Gerard Byrne, Audit Services Manager                    |

**Decisions required:**

For consideration and noting

**1.0****Purpose and Background:**

1.1

At the Audit Committee meeting of 28 April 2016, ASM presented a summary of findings in respect of internal audit recommendations outstanding from the legacy Councils.

Internal Audit will continue to monitor and report progress by management in actioning the priority recommendations, namely those arising from assignments obtaining overall limited assurance or those which are Priority 1 arising from assignments obtaining satisfactory assurance overall.

At 28 April 2016, these totalled 61 recommendations.

At the next Audit Committee ASM will be carrying out a follow up review of their 2015-16 Audit reports and the number which have been implemented or partially implemented. These will be the recommendations since the new Council was formed.

**2.0****Key issues:**

2.1

*Progress on Legacy Recommendations*

The masterlist is a live document, the tables below breaks down the movement on the recommendations since the last audit committee:

**September 2016**

|              | Fully implemented | Partially implemented | Not implemented | N/A      | Total     |
|--------------|-------------------|-----------------------|-----------------|----------|-----------|
| Priority 1   | 4                 | 5                     | 2               | 1        | 12        |
| Priority 2   | 18                | 7                     | 11              | 4        | 40        |
| Priority 3   | 5                 | 1                     | 2               | 1        | 9         |
| <b>Total</b> | <b>27</b>         | <b>13</b>             | <b>15</b>       | <b>6</b> | <b>61</b> |

| <b>December 2016</b> |                   |                       |                 |           |           |
|----------------------|-------------------|-----------------------|-----------------|-----------|-----------|
|                      | Fully implemented | Partially implemented | Not implemented | N/A       | Total     |
| Priority 1           | 4                 | 5                     | 2               | 1         | 12        |
| Priority 2           | 18                | 3                     | 4               | 15        | 40        |
| Priority 3           | 6                 | 0                     | 1               | 2         | 9         |
| <b>Total</b>         | <b>28</b>         | <b>8</b>              | <b>7</b>        | <b>18</b> | <b>61</b> |

Of the 14 recommendations which are partially or not implemented 3 relate to the implementation of the IT strategy.

Of the 18 recommendations which are no long applicable 16 relate to the fleet management and procurement audits. These audit points have been superseded by recent audit reports by ASM and it has been agreed with ASM to remove these from the legacy report/

|            |   |
|------------|---|
| <b>3.0</b> | <b>Recommendations:</b>   |
| 3.1        | Audit Committee members to note column headed 'Status at December 2016' as indication of progress being made and actions being taken to address recommendations as noted by management. An independent review of progress and status will be undertaken by Internal Audit later in 2016-17 programme. |
| <b>4.0</b> | <b>Resource implications</b>  |
| 4.1        | A number of the recommendations contain significant resource implications, both officer time and, in some cases capital cost.   |
| <b>5.0</b> | <b>Equality and good relations implications:</b>  |
| 5.1        | None  |
| <b>6.0</b> | <b>Appendices</b>   |
|            | Appendix 1: Internal Audit Recommendations masterlist   |



| Report name<br>review of Casn<br>Handling at<br>Warrenpoint Town | Recommendation   | Priority | Management comment   | At April 2016  | Status at December 2016  |
|--|--|----------|--|--|--|
|  | It is recommended that the weekly income returns are countersigned in the space provided by a member of staff who is not involved in the preparation of the return                             | 2        | Facilities Administrator to countersign on monthly basis                               | Fully Implemented  | Fully implemented  |
|  | It is recommended that staff run the sales requisition report straight after the month end to enable finance staff in Monaghan row to raise sales invoices as soon as possible the next month. | 2        | Staff have been instructed to follow procedure.  | Partially implemented - In the absence of defining how soon the sales requisition reports are expected to be generated after month end, we have assumed a timeframe of 5 days to be reasonable. On this basis, we reviewed 8 monthly sales requisition reports and identified that 6 reports were completed within 5 days and of the remaining reports, 1 report was completed within 6 days and 1 report was completed within 17 days | Not implemented - Finance in DP state they are having trouble receiving the information on a timely basis        |
|  | It is recommended that the weekly income returns are signed manually as opposed to being typed.  | 2        | Staff have been instructed to manually sign.   | Fully Implemented  | Fully implemented  |
|  | The asset numbers of those assets that have been tagged should be recorded on the Inventory listing and all new assets purchased should be added to the Inventory listing schedule.            | 3        | Request to D. Reilly in Finance to implement.  | Not implemented - Our review identified that the Council's Finance Department now has responsibility for ensuring assets have been tagged and that all assets are recorded on the Inventory listing schedule. However, our review identified that, largely due to limited staff resources available, no work in relation to asset tagging and recording has been completed since April 2015.   | Not implemented - This is a Corporate Action   |
|  | All capital assets should be tagged and recorded on the Capital Asset Listing. The Building Manager for Warrenpoint Town Hall should review all Health and Safety checks on a monthly basis.   | 3        | Details of any new capital items have been forwarded to D. Reilly in Finance.          | Not implemented - Our review identified that the Council's Finance Department now has responsibility for ensuring assets are recorded on the Capital Asset Listing schedule. However, our review identified that, largely due to limited staff resources available, no work in relation to asset tagging and recording has been completed since April 2015.  | n/a - same point as above  |
|  |  | 2        | Has been implemented.  | Fully implemented.   | Fully implemented  |
|  | Both the First Aid box and the Defibrillator should be checked on a monthly basis by the caretaker and signed as evidence of review by the Building Manager                                    | 2        | Has been implemented.  | Fully implemented.   | Fully implemented  |
|  | Management should ensure that a Risk Assessment of the Water Management system is carried out as soon as possible.   | 2        | Risk assessment carried out March 2012 and September 2014 on management system by HBE. | Not yet due for implementation - Our review identified that a risk assessment of the water management system has not been carried out since September 2014. We understand that the next review is not due to take place until September 2016.  | Not implemented - HBE have been contacted on the 30/11/16 to carry out the risk assessment as soon as possible - |



| Review of ICT   |        |  |   |
|---|--------|--|---|
| Automatic screen lock following user inactivity should be reduced from current 60 minutes setting   | 3 None | Fully implemented  | Fully implemented   |
| Administrator accounts should be monitored frequently to ensure that there is a genuine ICT business requirement for every Administrator account.   | 2 None | Partially Implemented - While we understand that the Council's IT Manager performs a review of Administrator accounts on a six monthly basis, we noted that this review has not been documented which we consider would enhance this process as a control. In the absence of evidence to support this process, we performed a review of all administration accounts to establish if the need was considered to be appropriate. Our review identified no issues.  | Fully implemented   |
| User ICT accounts should be disabled or deleted as soon as user leaves employment. HR should forward monthly list of users on a timely basis for ICT staff to use as a checklist to ensure account has been disabled or deleted | 2 None | Not Implemented - Our discussions with the Council's ICT Manager indicated that the Council's HR Department do not currently provide a list of leavers to ICT staff on a monthly basis. A process of "disabling" or deleting user accounts has not been formalised.  | Fully implemented   |
| ICT management should investigate reasons that users can run executable files and install potentially harmful or unauthorised software. Appropriate steps should be taken to prevent these actions.                             | 1 None | Not Implemented - Our discussions with the Council's ICT Manager identified that an investigation into why users can run executable files and install unauthorised software has not been completed. We understand that during 2015, the Council identified that desktops which operated on the Microsoft XP operating system permitted the installation of unauthorised software. We understand that currently, a key priority within the ICT Department is to establish and implement an ICT Strategy, which will include a review of software installation. On this basis we note a risk still remains, that executable files and unauthorised software can be installed on the Council's network. | Fully implemented   |
| Penetration testing (internal and externally facing) should be regularly carried out by a suitably qualified independent contractor.  | 2 None | Not Implemented - Our discussions with the ICT Manager identified that the Council did not perform any ICT penetration testing during 2015/16.   | Partially implemented - scoping has commenced - PENN testing on site to be completed on the 19-20 January |

ICT Management should implement a more structured approach to service requests from IT users. Such a system should have functionality including:  
 (a) capture user ICT requests;  
 (b) have status visibility (open, closed, escalated etc) to users, ICT staff and ICT management; (c) assign jobs to ICT staff;  
 (d) report ability to assist with ICT management and resource planning; and  
 (e) full audit trail of service requests including authorisation where appropriate.

1 None

Fully Implemented

Fully implemented

A roll-out plan with an objective to replace all existing user desktop and laptops currently running XP operating systems with a more recent and currently supported operating system should be created, agreed and implemented as soon as practically possible. image file and deploying to new desktop and laptops as opposed to current system of building individual desktop/laptop from scratch. This will bring significant efficiency and security benefits.

1 None

Not Implemented - We understand that the Council has agreed to prioritise the need for the Council to agree and implement an ICT Strategy. It is expected that this will be completed during June 2016. On this basis, the replacement of desktops or laptops utilising the XP operating system has not been completed and therefore this system is still operating unsupported on some computers.

Partially implemented - Included within the IT strategy - IT expect the roll out to be complete by September 2017.

A) Group Policy should be configured to default denial of access to portable USB media on users desktops/laptops. B) Any portable media used should be encrypted. C) Any users requiring portable media should be appropriately authorised by Director/Senior Manager following written rationale.

2 None

Not Implemented - Our discussions with the Council's ICT Manager identified the following:  
 (a) the Group Policy has not been configured to deny access to portable USB media;  
 (b) the Council purchased new encrypted portable media devices during December 2015 and we understand that these are the only portable media devices which the Council's ICT Team issue to staff (although we understand other unencrypted devices can be used); and  
 (c) users requiring portable media do not require authorisation from a Director or Senior Manager.

Not implemented - Part of a larger process with regards to data protection - guidance to be sent by Data Protection Officer - Target date - January 2017

Up to date maintenance and support agreements with third party providers should be obtained and be part of ICT business continuity files.

2 None

Not Implemented - Our discussions with the ICT Manager identified that the Council has not established any SLAs or contracts with its third party ICT support providers. We understand that 14 third party providers are used.

Fully implemented



|   |               |   |  |
|---|---------------|---|--|
| <p>A formal debrief should be carried out with Assistant Director (IT/Procurement) before retirement date.</p>  | <p>2 None</p> | <p>No longer applicable - Our discussions with the ICT Manager identified that a formal debrief with the Assistant Director was not performed before the Assistant Director retired. On this basis we have closed this recommendation as no further work is possible.</p>                 | <p>n/a</p>   |
| <p>An ICT business continuity/disaster recovery plan should be prepared. This should be regularly reviewed, tested and updated i.e. it should be a "living" document.</p>   | <p>1 None</p> | <p>Not Implemented - Our discussions with the ICT Manager identified that the Council has not yet developed a Business Continuity/ Disaster Recovery Plan.</p>  | <p>Partially implemented - Disaster recovery plan included within the IT strategy which was developed.</p>   |
| <p>An ICT strategy should be crafted, consulted on and agreed. This should include:<br/>                 (a) How two Councils are going to continue to merge ICT systems;<br/>                 (b) How ICT services are going to be provided to Council users;<br/>                 (c) Management and staffing structure including use of 3rd party consultants; and<br/>                 (d) How the ICT strategy will support the achievement of the Council's objectives.</p> | <p>2 None</p> | <p>Not Implemented - Our review identified that the Council has contracted Acuity Business Solutions Limited to provide support to the ICT Team in developing an ICT Strategy. We note that this Strategy is expected to be complete for approval by Council by June 2016.</p>            | <p>Fully implemented</p>   |
| <p>ICT should regularly assess its own performance by surveying its users and take steps to address any common patterns arising.</p>  | <p>3 None</p> | <p>Not Implemented - Our discussions with the ICT Manager noted that the Council's ICT Team does not regularly assess its own performance.</p>  | <p>Fully implemented - There is now a IT service desk where all IT issues are logged. Once the issue is resolved the user will be provided with a survey to rate their experience of using the IT Help Desk.</p> |
| <p><b>Review of fleet management</b></p>  |               |   |  |
| <p>The draft Fleet Management policy should be completed and formally reviewed by the appropriate stakeholders. It is the view of internal audit that existing policies and procedures should form the basis for an overarching document.</p>   | <p>2 None</p> | <p>Not Implemented - ASM review identified that the fleet management policy remains in draft, and is currently under review by the council's fleet risk management working group. The timescale for the implementation of this recommendation has not yet been agreed.</p>                | <p>n/a - superseded by current fleet management audit report</p>   |
| <p>A Fleet Management Strategy should be drafted and presented to the Council for approval. An overall Strategy would provide cross departmental guidance on the key elements of Fleet Management that the Council has identified.</p>  | <p>2 None</p> | <p>Not Implemented - Our review identified that a Head of Service responsible for Fleet Management has not yet been appointed by the Council. We understand that the establishment of a Fleet Management Strategy will be the responsibility of this Head of Service, once appointed.</p> | <p>n/a - superseded by current fleet management audit report</p>   |

Copies of the Fleet Management Policy, Strategy and Driver's Handbook to be made available on the Council's intranet site and an e-mail sent out to all staff to notify them of these documents with a direct link to relevant site. The Council should consider investment in computer based IT systems that will enhance security of Fleet data, eliminate multiple duplication demands which exist in current manual systems and provide real-time management cost information that will allow Management to make strategic investment plans and decisions to ensure the effectiveness of the fleet. The consideration of the Vehicle

3 None

Not Implemented - Our review identified that the Council's Intranet site is not yet "live" and that the Intranet sites for the two legacy Councils (i.e. two separate sites) remain effective. Along with finalising the Fleet Management Policy and establishing a Fleet Management Strategy, we have been advised that the Driver's Handbook is also in draft and will be provided to all Council drivers once approved. We also note Council's intention to provide a copy of the Driver's Handbook, once approved, in each Council vehicle. We note that the timescale for completion of each of these documents has not yet been agreed.

n/a - superseded by current fleet management audit report

The Insurance Policy should be updated on a quarterly basis to reflect movement in the fleet.

2 None

Not Implemented - We understand that the Council's Fleet Risk Management Working Group has been asked to consider the use of a "tracker system" on all Council vehicles. We understand a tracker system was in use in the legacy Down District Council. However, the possible implementation of this tracker system in the newly merged Council remains under consideration and a timescale for a decision on this matter has not yet been agreed.

n/a - superseded by current fleet management audit report

The Health & Safety Policy should be updated to refer specifically to Fleet Management Issues.

2 None

Fully Implemented.

fully implemented

All supervisors must ensure that all the daily check sheets are signed in the morning and the afternoon.

2 None

Partially Implemented - Our testing identified that, while there is now evidence that the daily check forms were completed, we could not determine if these were completed in the morning or afternoon.

fully implemented

Safety Inspections and servicing must be completed in the required timeframe to ensure the Council is complying with EU regulations and operator's licence, when this does not occur and explanation as to why it didn't happen should be recorded and signed off by senior management.

1 None

Partially Implemented - Our review identified that safety inspections are now carried out each month on all Council owned vehicles by the Fitters and reviewed by the Garage Officer. We reviewed four monthly safety inspection forms and noted no exceptions. We understand that due to the fact that a Head of Service has not yet been appointed in this section, the Director of Waste Management will provide an oversight function of this process going forward to fulfil the role of "senior management" per the recommendation.

fully implemented



Supervisors should be reminded of the importance of carrying our Monthly checks of all vehicles under their control. It is recommended that the supervisors use a docket from the daily checks book and use the same checklist, upon completing this review the pink docket should remain in the book and the white docket should be filed as evidence of review.

2 None

Partially Implemented - Our review identified that there is evidence that dockets from the daily checks book are completed daily. However, our review could not identify if the monthly checks are being completed using this docket form by a supervisor i.e. inconsistent sign off by a supervisor on a monthly basis.

fully implemented

Internal audit recommends that an additional central record of vehicle defects should be maintained to record details including registration, defect, Drivers daily Report Form numbers, date left in and date returned (i.e. the Council currently maintains an excel document which records the vehicles, the dates of the most recent and next schedule vehicle inspections, and the most recent and next scheduled service date). This could be maintained on an excel sheet or word document and should be a shared document accessible to all supervisors. This would assist in the tracking of all vehicles currently being repaired and assist with planning. A fleet management system should be considered, this will reduce the man hours spent on administrative work and avoid the dependencies on spread sheets that can lead to errors.

2 None

Not Implemented - We understand that the two legacy Council's ICT systems continue to be effective and are not yet centrally accessible by all staff. We understand that the ICT Department are considering the implementation of a shared drive. However, we have not been provided with a time frame for this action to be put in place.

n/a - superseded by current fleet management audit report

The excel spread sheet that contains information on when the next vehicles safety inspection and servicing is due should be placed on a shared drive as 'read only' so management can review this. Management should be reviewing this against the weekly planned maintenance schedule to ensure all planned maintenance that should be completed in the week is included in the schedule.

2 None

Not Implemented - We understand that the two legacy Council's ICT systems continue to be effective and are not yet centrally accessible by all staff. We understand that the ICT Department are considering the implementation of a shared drive. However, we have not been provided with a time frame for this action to be put in place.

n/a - superseded by current fleet management audit report



|  |               |   |   |
|--|---------------|---|---|
| <p>Insurance Information systems [i.e. a function within the Finance Department] should be capable of providing historical and statistical Data on Road Traffic Accidents to allow management to target high cost, high frequency events, e.g. Reversing accidents, cost per driver, etc. This could assist with taking remedial action to mitigate against future reoccurrence. E.g. through targeted incident awareness training.</p>  | <p>2 None</p> | <p>Not Implemented - Our discussion with management identified that officers within the Council's Waste Management Department are sending accident report forms to the Finance Department. However, we note the work completed on the trending of insurance information has been limited and will be considered by the Council's Fleet Risk Management Working Group. We understand a timescale for implementation has not yet been agreed.</p>   | <p>n/a - superseded by current fleet management audit report</p>  |
| <p>The Council should consider getting permission from employees to the Council to communicate directly with DVA in respect of licence types, expiry and points.</p>   | <p>2 None</p> | <p>Not Implemented - We have been advised that permission from staff to communicate directly with DVA is subject to on-going negotiations with Trade Unions and continues to be an area of on-going sensitivity among affected Council staff. The timescale for obtaining an agreement on this matter has not yet been determined.</p>  | <p>n/a - superseded by current fleet management audit report</p>  |
| <p>The Council should consider introducing 6 monthly health checks on HGV drivers. At a minimum, all drivers should be signing a declaration stating that are in the correct state of health to perform their duties and will advise the Council if this changes.</p>  | <p>2 None</p> | <p>Not Implemented - We understand that the Council's Fleet Risk Management Working Group is considering the use of a six monthly health check form and the processes used by drivers to declare their state of health. We understand that a timescale for implementation has not yet been agreed.</p>  | <p>n/a - superseded by current fleet management audit report</p>  |
| <p>The Council should implement compulsory declarations for all drivers requiring them to declare to the Council any driving activities outside of the Council which may place them in breach of EU drivers Working Time Directives. The declaration should be on the timesheets and signed by the staff each week. A telemetry should be introduced in to all fleet, this will monitor staff driving, fuel inefficiencies, staff breaks, routes taken by drivers, the weight and speed of the vehicles. Monitoring of fleet vehicles will reduce inefficiencies and ensure that drivers are acting in accordance with the Councils procedures and policies.</p> | <p>2 None</p> | <p>Not implemented We understand that the Council's Fleet Risk Management Working Group will be asked to review the use of compulsory declarations on driver's timesheets. We note that the expected timing of this decision has not yet been determined.</p> <p>Not implemented We understand that the Council's Fleet Risk Management Working Group has been asked to consider the use of a "tracker system" on all Council vehicles. We understand a tracker system was in use in the legacy Down District Council. However, the implementation of this tracker system in the newly merged Council remains under review and a timescale for a decision on this matter has not yet been agreed.</p> | <p>n/a - superseded by current fleet management audit report</p> <p>n/a - superseded by current fleet management audit report</p> |
| <p>The Council should develop procedures to ensure responsible use of Council owned vehicles</p>   | <p>2 None</p> | <p>Not implemented We understand that the Council's Fleet Risk Management Working Group has been asked to review the development of procedures to ensure the responsible use of Council owned vehicles. We note that the expected completion date for this review has not yet been agreed.</p>  | <p>fully implemented</p>  |



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| <p>ensure that all procurement exercises are directed through the Purchasing Department. This should ensure that an appropriate procurement method is selected that will result in an open, competitive process that will best demonstrate the achievement of Best Value for the Council and should ensure that a more consistent approach is taken in relation to future procurement exercises.</p> | <p>1 None</p> | <p>No longer applicable This recommendation has not been implemented. A similar recommend-action has been made in our 2015/16 Procurement, Purchasing and Contract Management Review. As such, for the purpose of this report we consider this recommendation no longer applicable.</p>  | <p>n/a - superseded by current fleet management audit report</p>                      |
| <p>We recommend that the current use and procedures for the issue and use of small order books should be reviewed.</p>   | <p>2 None</p> | <p>No longer applicable This recommendation has not been implemented. A similar recommend-action has been made in our 2015/16 Procurement, Purchasing and Contract Management Review. As such, for the purpose of this report we consider this recommendation no longer applicable. We also note that an action from the Audit Committee meeting on 28 January 2016 was to undertake a review of ordering for goods and services &gt;£250.</p> | <p>n/a - superseded by current fleet management audit report</p>                      |
| <p>We recommend that the practice of using large order books for procuring goods and services should be discontinued immediately. Any current large order books still in existence should be gathered up and taken out of use.</p>   | <p>3 None</p> | <p>Fully implemented</p>   | <p>fully implemented</p>  |
| <p>All purchases, regardless of value should be subject to a Purchase Order and processed through the e-procurement system.</p>  | <p>2 None</p> | <p>No longer applicable This recommendation has not been implemented. A similar recommendation has been made in our 2015/16 Procurement, Purchasing and Contract Management Review. As such, for the purpose of this report we consider this recommendation no longer applicable.</p>  | <p>n/a - superseded by current fleet management audit report</p>                      |
| <p>Direct Award Contracts should only be undertaken in accordance with best practice guidance, Award of contract without a competition PGN 03/11. Any future instances of Direct Awards Contracts should be supported by a formal justification, should demonstrate value for money and be subject to formal approval in accordance with the Council's delegation arrangements.</p>                  | <p>2 None</p> | <p>Not Implemented - Our review identified that there have been 52 Direct Award Contracts (reported to the Purchasing Department) since April 2015. We note that these awards are not always supported by formal justification.</p>  | <p>partially implemented - template included within the revised Purchasing Policy</p> |
| <p>We recommend that all future instances of Direct Award Contracts should be reported to the Audit Committee.</p>   | <p>2 None</p> | <p>Not Implemented - Our review of the Council's Audit Committee minutes in October 2015 and in January 2016 identified that Direct Award Contracts were not reported. We understand that the Council's Procurement Officer prepares a summary of Direct Award Contracts reviewed by the Purchasing Department.</p>  | <p>fully implemented</p>  |



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| <p>While we note that management within the Procurement Unit consider that the development of a Contracts Register is not a priority, we recommend that a Register should be developed for the new Council. In particular, given the complexities involved with the transition to the new Council, the development of one Contracts Register for the new Council should provide greater visibility over the Council's contracts and improve the ability to manage and monitor those contracts.</p> <p>We also recommend that operating procedures be developed to support the management of the register and that responsibility be clearly assigned for the recording and monitoring of the Register.</p>  | <p>2 None</p> <p>2 None</p>   | <p>Not Implemented - Our review identified that the Council's Procurement Officer emailed all staff during April 2016 requesting them to update the details on the current Contracts Register. We note a bigger piece of work is required to ensure that the Council's Contracts Register continues to be appropriate.</p> <p>Not Implemented - Our review identified that no procedures have been prepared to support the management of the Council's Contracts Register.</p>  | <p>fully implemented</p> <p>n/a - superseded by current fleet management audit report</p> |
| <p><b>Review of Grant Aid Compliance and Monitoring</b></p>   |   |   |   |
| <p>The Council should set up process and system and develop procedures across the Council to be aware of and be able to centrally manage grant aid from application to closure of the clawback / record keeping period, in support to the development of a grant register.</p> <p>The Council should appoint an officer with responsibility for improving processes for compliance and monitoring of grant aid. This officer will be responsible for:</p> <ul style="list-style-type: none"> <li>a) overseeing the system's operation;</li> <li>b) reporting on the system's application;</li> <li>c) reporting any issues arising as a result of information received; and</li> <li>d) reporting issues arising from review of the grant information contained thereon.</li> </ul> | <p>Project Officer manages grant aid record keeping, claims and adherence to letter of offer. Grants Administration has been listed as a specific area within Finance &amp; Systems Section of the Corporate Services Department. This recommendation will be considered by that area when established.</p> <p>This will be up to New Council. This work is also moving in New Council to Active and Healthy Communities Directorate.</p> | <p>Not Implemented - Our review identified that the Council has not yet developed a central management process to monitor grant aid from all departments. We understand that there has been no work progressed towards the development of a Grant Register.</p> <p>Not Implemented Our discussions with the Council's Assistant Director of Corporate Services identified that a job description for this role has been developed and advertised internally, within the Council's recruitment processes and there is current difficulty in filling this post.</p> | <p>not implemented</p> <p>not implemented</p>   |
| <p><b>Review of Building Control</b></p>  |   |   |   |



A reconciliation between the number of applications processed and income received should be undertaken on a monthly basis. This should be reviewed by someone independent of the preparation process with preparation and review evidenced by way of dated signature.

We recommend that the Council investigates the possibility of an interface between the Te-Build system and the Total system. If it is decided that it will not be possible to introduce an interface between the two systems, the following should be considered:

- a) introduction of more detailed information requirements in respect of card payments and grouped payments. These should include sufficient information to enable the payment to be recorded on the relevant Te-Build file;
- b) setting of more robust communications between Finance and Building Control to ensure that information is provided on a regular and timely manner;
- c) introduction of a system whereby Building Control take all "person not present" card payments;
- d) when receipting income in respect of Property Certificates further detail is captured to ensure that there is a clear audit trail from receipt of income to income recorded within both Te-Build and Total. Consideration should be given to recording the property which the payment is being made in order to ensure completeness of The fee check sheet should include details of the actual fees due/received.

Agreed. Monthly reconciliations will commence now by staff member independent of 1 receipting process.

- a) possibility of interface is being considered as part of Local Government Report;
- b) new policy on card, BACS and on-line payments being considered separately;
- c) finance to provide monthly income/receipts reports to Building Control to allow updating of Te-Build;
- d) system review commencing;
- e) already commenced; and
- f) considered unnecessary.

2 Agreed. Already undertaken.

Fully implemented

Partially implemented Our discussion with the Assistant Director of Regulatory and Technical Services identified that the necessary software interfacing has not yet been implemented. We understand that the development of such an interface would be welcomed by Council Officers within Building Control and software options are currently being explored by the Council. In respect of progressing the other options provided to Council, we note: a) that a procedure document (i.e. a flowchart) has been established which sets out the processes expected to be followed for the receipt of all fees, including card payments) has been produced and has been signed by staff members. We also note that a "Procedure for the Receipt of Fees for Building Regulations Section" has been prepared by the Council which outlines the process for receiving and processing inspection and planning fees; b) that weekly income reports are now prepared by Building Control and passed to Finance for approval; c) that it is now possible for an applicant to contact the Building Control Department directly to make a card payment over the phone. However, we have been advised that this has not happened since the issue of the Internal Audit Report in March 2015, and we are therefore unable to test implementation; d) that Property Certificate requests are no longer being processed by the Council's Building Control Department; and e) that all cash receipts in respect of building control income are now signed by reception staff at the Depot in addition to a signature from a member of the Building Control Department.

Fully implemented

fully implemented

partially implemented

fully implemented

Policies and procedures for the receipt and recording of income within Building Control should be produced which outline inter alia:

- a) Building Control Functions and Services;
- b) Staff Structures, Roles & Responsibilities;&
- c) Building Regulations Overview;
- d) Process for full Planning Application fee income (to cover planning fee and inspection fee);
- e) Process for regularisation fee income;
- f) Process for Building Notice fee income;
- g) Process for Exempt Building Regulation Works fee income;
- h) Process for Property Certificate fee income;
- i) Invoicing and receipting process;
- j) Communications with Finance Department; and
- k) Reconciliation process between the Te-Build system and the Total financial system.

New policy document under 2 consideration.

Partially implemented Our review identified that, except for a policy outlining building regulations overview, the Council has developed a suite of policies and procedures to support the receipt and recording of income within Building Control. We also note that the Process for Property Certificate fee income is no longer relevant as this responsibility has transferred out of the Building Control Department. Our review identified that the reconciliation process between the Te-Build system and the Total financial system has not been implemented.

partially implemented

The Building Control risk register should be reviewed in light of the findings from this report and updated as necessary for any additional measures deemed necessary to address the control weakness identified. Going forward, the risk register will be reviewed on at least a quarterly basis.

Agreed. Risk Register will be 2 reviewed in light of findings.

Not implemented Our review identified that while the Business Support Officer within the Building Control Department maintains a departmental Risk Register, we consider that this Register may benefit from further review. Specifically, we note that the current risks documented on this Register were relevant for the legacy Council and may require review to ensure they continue to be appropriate. We note that an assessment of the additional work and new controls introduced have not been included and in 3 out of the 4 risks documented, the risk actions are considered to be complete. We note that risk management continues to be in a developmental stage within the Council (i.e. that the Corporate Risk Register has not yet been completed).

fully implemented

Consideration should be given to enabling Building Control to manage its own bad debts. If it is decided that the Finance Department are to retain responsibility for chasing outstanding debt, robust and timely management information should be provided to Building Control in respect of the action taken to chase this debt. This will provide Building Control with better oversight over any process and will enable them to provide any information / suggestions deemed necessary in terms of chasing the debt. Lodgements should be made when safe limits are approaching.

New procedures are contained within SUN for aged debt management. SUN will be 2 introduced post April 2015.  
3 Agreed.

Not implemented - Our review has identified that the Council's Finance Department continues to manage and monitor the Council's aged debtors. We note that the Finance Department is not providing aged debt reports to the Building Control Department on a timely basis (no reports have been received in 2016). Our discussions with management identified that Building Control would welcome an aged debt report showing debts outstanding for 90 days or more on a monthly basis.

fully implemented

Fully implemented

fully implemented



The IT Department should liaise with the system provider to ascertain whether it is possible to set up individual user accounts for the two members of staff who process rebates.

Accepted. This will be reviewed 2 as part of RPA.

Fully implemented

Fully implemented

A formal corporate level card payment data risk assessment should be undertaken. The Finance risk register should be reviewed in light of the findings from this report and updated as necessary to include any identified risks in respect of card payment data. Going forward, the risk register should be reviewed on at least a quarterly basis.

2 Accepted

Not implemented Our discussions with the Council's Assistant Director of Corporate Services indicated that a corporate level card payment risk assessment has not been undertaken. We note that the Council is currently in the process of establishing a Corporate Risk Register and that Directorate level Risk Registers will be developed after this process.

Not implemented



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|---|----------------------------------|
| <b>Report to:</b>                                   | Audit Committee                  |
| <b>Date of Meeting:</b>                             | 8 December 2016                  |
| <b>Subject:</b>                                     | <b>Prompt Payment Statistics</b> |
| <b>Reporting Officer<br/>(Including Job Title):</b> | Dorinnia Carville                |
| <b>Contact Officer<br/>(Including Job Title):</b>   | Ken Montgomery                   |

| <b>Decisions required:</b> |   |                     |                             |                     |                             |                |                    |     |       |     |       |            |    |     |     |      |       |          |            |            |            |
|----------------------------|---|---------------------|-----------------------------|---------------------|-----------------------------|----------------|--------------------|-----|-------|-----|-------|------------|----|-----|-----|------|-------|----------|------------|------------|------------|
| <b>1.0</b>                 | <b>Purpose and Background:</b>  |                     |                             |                     |                             |                |                    |     |       |     |       |            |    |     |     |      |       |          |            |            |            |
| 1.1                        | <p>'Prompt payment' is the payment of valid supplier invoices within 10 working days by public bodies, as set in government targets.</p> <p>This dataset contains:</p> <ul style="list-style-type: none"> <li>• total amount paid by each Northern Ireland council to suppliers</li> <li>• total number of invoices</li> <li>• number of invoices paid within 10 working days</li> <li>• number of invoices paid within 30 calendar days</li> <li>• number of invoices paid outside 30 calendar days</li> </ul> <p>The Stormont Executive's Prompt Payment Policy recommends that government departments should, "aim to pay 90% of valid invoices within 10 working days", with councils encouraged to match that.</p> <p>Adherence to the policy is not mandatory for councils, but in a letter issued to council chief executives in October 2013, the Department of Environment's Local Government Policy Division said that: "District councils are encouraged to pay suppliers as promptly as possible and to endeavour to meet the 10 day prompt payment commitment made by Northern Ireland Executive in response to the current economic position.</p> |                     |                             |                     |                             |                |                    |     |       |     |       |            |    |     |     |      |       |          |            |            |            |
| <b>2.0</b>                 | <b>Key issues:</b>  |                     |                             |                     |                             |                |                    |     |       |     |       |            |    |     |     |      |       |          |            |            |            |
| 2.1                        | <p><b>1 April 2016 – 30 June 2016</b></p> <table border="1"> <thead> <tr> <th></th> <th>Paid within 10 Days</th> <th>Paid within 30 Days</th> <th>Paid outside payment period</th> <th>Total Invoices</th> </tr> </thead> <tbody> <tr> <td>Number of Invoices</td> <td>416</td> <td>3,244</td> <td>743</td> <td>4,403</td> </tr> <tr> <td>Percentage</td> <td>9%</td> <td>74%</td> <td>17%</td> <td>100%</td> </tr> <tr> <td>Value</td> <td>£681,713</td> <td>£6,186,899</td> <td>£1,564,967</td> <td>£8,433,579</td> </tr> </tbody> </table>   |                     | Paid within 10 Days         | Paid within 30 Days | Paid outside payment period | Total Invoices | Number of Invoices | 416 | 3,244 | 743 | 4,403 | Percentage | 9% | 74% | 17% | 100% | Value | £681,713 | £6,186,899 | £1,564,967 | £8,433,579 |
|                            | Paid within 10 Days   | Paid within 30 Days | Paid outside payment period | Total Invoices      |                             |                |                    |     |       |     |       |            |    |     |     |      |       |          |            |            |            |
| Number of Invoices         | 416   | 3,244               | 743                         | 4,403               |                             |                |                    |     |       |     |       |            |    |     |     |      |       |          |            |            |            |
| Percentage                 | 9%  | 74%                 | 17%                         | 100%                |                             |                |                    |     |       |     |       |            |    |     |     |      |       |          |            |            |            |
| Value                      | £681,713  | £6,186,899          | £1,564,967                  | £8,433,579          |                             |                |                    |     |       |     |       |            |    |     |     |      |       |          |            |            |            |

| <b>1 July 2016 – 30 September 2016</b> |  |                     |                             |                |
|--|--|---------------------|-----------------------------|----------------|
|  | Paid within 10 Days                              | Paid within 30 Days | Paid outside payment period | Total Invoices |
| Number of Invoices                     | 476  | 5,132               | 251                         | 5,859          |
| Percentage                             | 8%   | 88%                 | 4%                          | 100%           |
| Value                                  | £940,918   | £12,344,304         | £897,681                    | £14,182,903    |
| <b>3.0</b>                             | <b>Recommendations:</b>                          |                     |                             |                |
| 3.1                                    | For noting by the Audit Committee                |                     |                             |                |
| <b>4.0</b>                             | <b>Resource implications</b>                     |                     |                             |                |
| 4.1                                    | None   |                     |                             |                |
| <b>5.0</b>                             | <b>Equality and good relations implications:</b> |                     |                             |                |
| 5.1                                    | None   |                     |                             |                |
| <b>6.0</b>                             | <b>Appendices</b>                                |                     |                             |                |
|  | None   |                     |                             |                |

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| <b>Report to:</b>         | Audit Committee   |
| <b>Date of Meeting:</b>   | 8 December 2016   |
| <b>Subject:</b>           | Performance Improvement – Audit & Assessment Report for 2016-17               |
| <b>Reporting Officer:</b> | Johnny McBride - Assistant Director: Transformation, Innovation & Performance |
| <b>Contact Officer:</b>   | Johnny McBride - Assistant Director: Transformation, Innovation & Performance |

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| <b>Decisions Required:</b>  |  |
| Members are asked to:   |  |
| <ul style="list-style-type: none"> <li>▪ <b>Note the contents of the report.</b></li> </ul> |  |
| <b>1.0</b>  | <b><u>Purpose &amp; Background</u></b>   |
| 1.1   | The purpose of this report is to provide Members with a summary of the key findings as part of the recent audit and assessment of the Council's performance improvement arrangements by the Northern Ireland Audit Office (NIAO) (as the Local Government Auditor (LGA)). Members will be aware this audit forms an important part of the new Duty of Performance which has been placed on Councils arising from The Local Government (NI) Act (2014).                                 |
| 1.2   | It is important to note that at this stage of the audit and assessment framework, any proposals for improvement from the NIAO are not formal recommendations (which would require a management response) but are there to assist the Council in meeting its performance improvement responsibilities in future years. However, it is understood the LGA will undertake future assessments against these recommendations. A copy of the final report is attached at <b>Appendix I</b> . |
| <b>2.0</b>  | <b><u>Key Issues</u></b>   |
| <b>Compliance with the Duty of Performance</b>  |  |
| 2.1   | The LGA has recommended to the Department for Communities (DfC) an unqualified audit and assessment opinion concerning this Council's compliance with the new Duty of Performance for 2016-17. Therefore, a certificate of compliance has been issued.   |
| <b>Key Findings &amp; Recommendations</b>   |  |
| 2.2   | In addition to the final opinion, the LGA has also made a number of supplementary recommendations. These are categorised according to the main themes of the report and are summarised as follows:   |

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|     | <p><u>General Duty to Improve</u></p> <ul style="list-style-type: none"> <li>i. Strengthening the links between performance improvement, supporting objectives and the desired outcomes of the Community Plan;</li> <li>ii. Use of performance information to enable performance measurement and benchmarking, including the identification of those functions and services that would benefit most from improvement; and</li> <li>iii. Further embedding performance management and improvement across the Council (i.e. making further improvements the Council's interim performance management framework &amp; cascading the framework and performance management responsibilities to all employees).</li> </ul> |
| 2.3 | <p><u>Governance Arrangements</u></p> <ul style="list-style-type: none"> <li>i. Enhancing the role of the Audit Committee in providing assurance to the Council that its arrangements for performance management and improvement are effective;</li> <li>ii. Providing Elected Members with the necessary support and capacity to effectively discharge their responsibilities in respect of performance; and</li> <li>iii. Clearly defining the relationship between the reporting of performance at a strategic level (to SP&amp;R) and the reporting of operational performance to other Standing Committees.</li> </ul>  |
| 2.4 | <p><u>Improvement Objectives</u></p> <ul style="list-style-type: none"> <li>i. Shifting the emphasis of performance improvement objectives from being largely foundational to delivering measurable improvement and more outcomes-focused; and</li> <li>ii. Increasing the use of performance data and information to identify areas for improvement as well as the enhanced use of performance indicators and measures to demonstrate improvement (not restricting to statutory indicators).</li> </ul>   |
| 2.5 | <p><u>Consultation</u></p> <ul style="list-style-type: none"> <li>i. More effective and efficient means of stakeholder consultation (i.e. e-channels and consultation policy); and</li> <li>ii. Promoting performance management and improvement with the Council's key partners and stakeholders.</li> </ul>  |
| 2.6 | <p><u>Performance Reporting</u></p> <ul style="list-style-type: none"> <li>i. Improving performance reporting across the entire organisation, in particular a standard format for the reporting of all Council performance to secure stakeholder understanding, as well as the same look and feel.</li> </ul>  |
| 3.0 | <p><u>Resource Implications</u></p>  |
| 3.1 | <p>There are no resource implications contained within this report, however accepting the recommendations may result in additional resource consequences for the Council. These cannot be quantified at this stage and once identified, will be brought back for Member</p>  |



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|            | consideration as part of a more detailed action plan.  |
| <b>4.0</b> | <b><u>Next Steps</u></b>   |
| 4.1        | As responsibility for Council performance resides with the Strategy, Policy & Resources (SP&R) Committee, a version of this report will also be tabled at its meeting on the 15 December 2016 for Member acceptance. Once the key findings and recommendations have been considered in more detail, a detailed action plan will also be prepared to ensure the Council puts in the necessary arrangements to secure compliance with the same Duty this time next year.   |
| 4.2        | In 2017-18 the audit and assessment framework will also change to reflect the introduction of a retrospective assessment in addition to the current forward-looking assessment. This fundamentally shifts the performance agenda as it will require from next year on for Councils to demonstrate improvement (via robust performance information) as well as require Councils to benchmark against suitable performance comparisons. Ensuring the Council is “change ready” will place a significant burden upon existing arrangements. |
| <b>5.0</b> | <b><u>Equality &amp; Good Relations Implications</u></b>   |
| 5.1        | There are no equality and good relations implications arising from this report.  |
| <b>6.0</b> | <b><u>Appendices</u></b>   |
|            | <ul style="list-style-type: none"> <li>▪ <b>Appendix I</b> – final report from Local Government Auditor</li> </ul>   |



## Northern Ireland Audit Office

Our purpose...

Promoting better use of public money, through independent professional scrutiny, underpinned by our commitment to:

- Integrity
- Equality
- Openness
- Innovation

To make a difference for the people of Northern Ireland.

The Department for Communities, with the consent of the Comptroller and Auditor General for Northern Ireland, has designated Mrs Louise Mason as the Local Government Auditor. She, and the Northern Ireland Audit Office, are totally independent of Local Government. She certifies the accounts of all Local Government bodies in Northern Ireland and is also responsible for councils' improvement audits and assessments.

For further information please contact:

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## NEWRY, MOURNE AND DOWN DISTRICT COUNCIL

### AUDIT AND ASSESSMENT REPORT 2016-17

A REPORT TO THE COUNCIL AND THE DEPARTMENT FOR COMMUNITIES UNDER SECTION 95 OF THE LOCAL GOVERNMENT (NORTHERN IRELAND) ACT 2014

#### *Contents*

|  |           |
|--|-----------|
| <i>Section 1- Introduction and status of this report</i> | <b>1</b>  |
| <i>Section 2 – Matters required to be reported on</i>    | <b>3</b>  |
| <i>Section 3 – Key audit and assessment findings</i>     | <b>4</b>  |
| <i>Section 4 - Other matters</i>                         | <b>12</b> |
| <i>Annex – Audit opinion and assessment</i>              | <b>13</b> |

## Section 1

### Introduction and status of this report

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#### Introduction

- 1.1 Part 12 of the Local Government Act (Northern Ireland) 2014 (the Act) establishes that all councils are under a general duty to make arrangements to secure continuous improvement in the exercise of their functions. It sets out a number of council responsibilities under a new performance framework. It also sets out key responsibilities for the Local Government Auditor. The Department for Communities (the Department) has published 'Guidance for Local Government Performance Improvement 2016' (the Guidance) which councils and the Local Government Auditor have to follow.

##### *The improvement audit*

- 1.2 Each year the Local Government Auditor has to report whether each council has discharged its duties in relation to improvement planning, the publication of improvement information and the extent to which each council has acted in accordance with the Department's Guidance. The Local Government Auditor's procedures to do so are called "improvement audits".

##### *The improvement assessment*

- 1.3 The Local Government Auditor also has to assess annually whether a council is likely to make the required arrangements to secure continuous improvement in that year. This is called the "improvement assessment". The Local Government Auditor also has the discretion to assess and report whether a council is likely to comply with these arrangements in future years (see paragraph 2.5).
- 1.4 Improvement audits and improvement assessments are undertaken in accordance with the Local Government Auditor's statutory responsibilities<sup>1</sup> and the Department's Guidance. They are planned and conducted in accordance with the performance improvement Audit Strategy issued by the Local Government Auditor to councils, her Code of Audit Practice for Local Government Bodies in Northern Ireland and the Statement of Responsibilities.

#### Status of this report

- 1.5 This report has been produced by staff of the Northern Ireland Audit Office (the NIAO) on behalf of the Local Government Auditor in discharging her duties under section 95 of the Act. It certifies that she has carried out an improvement audit and improvement assessment for 2016-17 and states whether, as a result, she believes that Newry, Mourne and Down District Council (the Council) has discharged its performance improvement duties.
- 1.6 This report has been prepared for the sole use of the Department and the Council. The Local Government Auditor and NIAO do not accept responsibility to any third party for losses arising from reliance being placed on this report.

#### Other performance improvement reports by the Local Government Auditor

##### *The Annual Improvement Report on the Council*

- 1.7 The Act requires the Local Government Auditor to summarise all of her work carried out (in relation to her responsibilities under the Act) at the Council, in an "annual improvement report". This will be published on the NIAO website in due course, making it publicly available. It will therefore be written with a non-specialist readership in mind to be accessible and meaningful to members of the public.

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<sup>1</sup> Sections 93 and 94 of the Local Government Act (Northern Ireland) 2014

## Section 1

### Introduction and status of this report

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81

#### *Special inspections and statutory recommendations*

- 1.8 The Local Government Auditor may also, in some circumstances, carry out special inspections which will be reported to the Council and the Department, and which she may publish, or make statutory recommendations.



## Section 2

### Matters required to be reported on

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82

#### Matters required to be reported on

##### *Improvement audit and improvement assessment*

- 2.1 The Local Government Auditor's audit opinions in relation to the improvement audit and her improvement assessment are in the Annex to this report.
- 2.2 In the Annex, the Local Government Auditor certifies that she has performed the improvement audit and improvement assessment for the Council and that, as a result of this work, she is satisfied that the Council has discharged its statutory performance improvement and reporting duties and that it acted in accordance with the Guidance.
- 2.3 She has also reported that, as 2016-17 was the first year in which councils were required to implement the new performance improvement framework, the Council's arrangements to secure achievement of its improvement objectives are, as is to be expected in the first year, at an early stage of development and implementation. Whilst the Council has begun to establish arrangements to secure continuous improvement, it is too early for the Council to demonstrate, or for the Local Government Auditor to determine, the extent to which improvements are being made for the current financial year.
- 2.4 However, the Local Government Auditor believes that, over the next couple of years, and with the benefit of a formal track record of performance improvement management and reporting, the Council should be able to demonstrate whether it is meeting its responsibility in this area.
- 2.5 The Local Government Auditor has decided at present not to perform the discretionary assessments of whether councils in Northern Ireland are likely to comply with the requirements in future years. She will keep this decision under review as the new framework establishes itself in and the track records of the councils accumulate.

##### *Special inspections and statutory recommendations*

- 2.6 No special inspections or statutory recommendations were required at the Council this year.

##### *Other matters*

- 2.7 Whilst the Local Government Auditor has no statutory recommendations to make and there is no requirement for a special inspection this year, there are some areas which require further development. These are set out under Section 3 'Key audit and assessment findings' of this report.

## Section 3

### Key audit and assessment findings

83

#### Key audit and assessment findings

- 3.1 This section outlines key findings arising from the thematic areas of the Council's audit and assessment. Some findings, where relevant, give rise to proposals for improvement. These are not formal recommendations, which are more significant matters which require action to be taken by the Council in order to comply with the Act or Guidance.
- 3.2 Proposals for improvement include matters which, if accepted, will assist the Council to meet its performance improvement responsibilities. The Local Government Auditor believes that agreed proposals to the Council should be implemented and will follow them up in subsequent years.
- 3.3 Our procedures were limited to those considered necessary for the effective performance of the audit and assessment. Therefore, the Local Government Auditor's findings should not be regarded as a comprehensive statement of all weaknesses which exist, or all improvements which could be made.
- 3.4 Next year we will review progress the Council has made on these findings. In the meantime, it is recommended that the Council's Audit and Risk Committee should monitor and track their progress.

#### Index of key findings

| No. | Description  | Page |
|-----|--|------|
| 1.  | General duty to Improve  | 5    |
| 2.  | Governance arrangements  | 6    |
| 3.  | Improvement objectives   | 7    |
| 4.  | Consultation   | 8    |
| 5.  | Improvement Plan   | 9    |
| 6.  | Arrangements to improve  | 10   |
| 6.  | Performance reporting - Statutory performance indicators and standards | 11   |

## Section 3

### Key audit and assessment findings

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#### 1. General duty to improve

The Council is required to make arrangements to secure continuous improvement in the exercise of its functions and it has begun to put arrangements in place. The Council was able to demonstrate that its arrangements were constructed within the seven relevant criteria set out in legislation and that the current functions prioritised and selected for improvement are currently aligned to its strategic objectives. These relate to leisure and recreation facilities, planning services and the Council's responsibilities in relation to Community Planning. These functions were selected on the basis of identified priorities to support some of the Council's strategic objectives.

At the time of our audit the Council's arrangements were still under development and had not been fully established. This is to be expected in the early stages of the new framework and going forward we expect to see the arrangements through which functions are prioritised for improvement will become more refined and mature.

To assist the Council we recommend the following proposals for improvement:

- linking the forthcoming community plan, and the ongoing processes that underpin it, with the Council's future improvement processes;
- use of performance information and other data (for example service data and information) to enable performance measurement and benchmarking. This will help identify those functions/services which would benefit most from improvement;
- given the statutory nature of the framework, expand upon the Council's interim corporate performance management framework to include the development of a performance improvement policy. The purpose of this will define the Council's own interpretation of the new duty; and
- cascade the framework (or policy) and performance improvement responsibilities directly to all employees.

Going forward the Council will need to continue to ensure that that process by which functions are prioritised and selected is transparent, well documented and subject to appropriate levels of scrutiny.



## Section 3

### Key audit and assessment findings

85

#### 2. Governance Arrangements

It is important the Council's governance arrangements are robust and support effective decision making in relation to its statutory responsibility to have arrangements in place to secure continuous improvement in its functions. The Council has governance arrangements in-place to help it meet these responsibilities, although they are yet to be fully developed, and embedded.

The Council has designated responsibility for oversight of its interim corporate performance improvement framework to the Strategy, Policy & Resources Committee. Although, there was evidence to suggest performance was being monitored at a strategic level by this Committee, this tended to be limited to the approval of key milestone events, for example, improvement objectives and the improvement plan, as well as performance against the Council's three categories of statutory performance indicators. There was also evidence of performance at an operational level being routinely reported to other committees of the Council, for example the monthly reporting of performance to the Regulatory & Technical Services Committee. However, evidence of oversight and monitoring of Council performance by the Audit Committee during the year was limited.

The Audit Committee has responsibility to ensure that arrangements for good governance are in place and operating effectively. To date, this Committee has focused on financial accounting governance and controls. It now needs to discharge its wider remit in relation to the Council's statutory responsibility to have arrangements in place to secure continuous improvement in its functions, as this framework is subject to a statutory audit and reporting. This involves exercising greater oversight and monitoring of the structures, processes and systems established by the Council concerning its performance improvement responsibilities, and it should be assured that a comprehensive suite of plans and policies that support improvement are in place, up-to-date and operating effectively. The Audit Committee needs to be assured that the Strategy, Policy & Resources Committee and senior management team are subjecting the Council's priorities, improvement objectives, projects, risks and performance to appropriate scrutiny, challenge and evaluation.

To assist the Council we recommend the following proposals for improvement:

- the Terms of Reference for both committees should be updated to reflect their respective performance improvement responsibilities. This should include a clearly defined separation between the role of the Strategy, Policy & Resources Committee in managing and scrutinising Council performance and the role of the Audit Committee in providing assurance that the Council's arrangements are operating effectively;
- given the above, performance improvement should feature as a standing item on both committee agendas;
- senior management should also facilitate Members of both committees with training and support to discharge their new performance improvement responsibilities;
- the Audit Committee should actively assist the Council with monitoring the activity of any committee charged with the scrutiny of performance improvement;
- senior management should ensure that both committees are provided appropriate performance improvement documentation to perform their scrutiny and monitoring functions;
- using the internal audit function, where required, to provide the Council with future assurance on the integrity and operation of the Council's performance management framework and to identify and recommend any supplementary areas for improvement; and
- clearly define the relationship between the reporting of performance at a strategic level to the Strategy, Policy & Resources Committee and the reporting of performance at an operational level to other Standing Committees. This may require the interim corporate performance management framework to be expanded upon.



## Section 3

### Key audit and assessment findings

86

#### 3. Improvement Objectives

The Council is required to establish improvement objectives each year and we assess these in line with legislation and supporting statutory guidance. The guidance sets out that improvement, in the context of the legislation, means more than just quantifiable gains in service output or efficiency, or the internal effectiveness of an organisation. Improvement for councils should mean activity that enhances the sustainable quality of life and environment for ratepayers and communities.

The Council has selected three improvement objectives and the details of these are published in its 'improvement plan'. These objectives are closely linked to the functions the Council has chosen to improve and in turn these are linked to its strategic objectives set out in its Corporate Plan. We understand that the Council's improvement objectives will become better informed by and linked to the outworking of the forthcoming Community Plan.

Whilst each objective is legitimate and generally well worded they are foundational in nature, in that if delivered they could form the basis of improvement in future years, rather than in the current year. Whilst this is acceptable in this first full year of the framework, going forward, improvement objectives and their underlying arrangements should attempt to deliver measurable improvement in each year. An example of this is the improvement objective entitled '*Established local structures in support of the development and implementation of the District's Community Plan*'. In addition, it is not clear what functions or services the Council intends to actually improve and local structures could be established without anyone actually being better off. Without additional clarity and transparency in future years, particularly in relation to what improvement will look like and how it will be delivered and measured, it will not be possible to determine if an improvement objective is clear or robust.

The Council is already planning and undertaking activities that will contribute to achieving each improvement objective. Within the Council's 'improvement plan', each objective is associated with a distinct and ongoing corporate project/s, along with how success will be measured. The Council should demonstrate how people will be better off if it improves as it intends to. However, the supporting projects and measures of success as set out in the Council's 'improvement plan' plan are set out at a high level and do not show clearly whether anyone will be better off if it achieves its improvement objectives. There are a number of reasons for this which include the absence of any baseline data or information against which future improvement can be demonstrated or measured, an absence of detail around the benefits and some measures of success that have not yet been identified. For example, the measures of success relating to improving the performance of the planning service tend to focus on the quantity of activity rather than the quality of outcomes, so they do not necessarily provide a good basis for demonstrating that citizens will become better off as a result of what the Council does going forward.

To assist the Council we recommend the following proposals for improvement:

- ensure that each improvement objectives is focused on outcomes for citizens in relation to improved functions and/or services;
- in relation to the improvement objectives, more detail is required in the 'improvement plan' so that it is clear to a reader how citizens will be better off if the Council improves as it intends to; and
- ensure that improvement can be demonstrated and, where possible, measured through the use of meaningful performance indicators and data collection and/or other qualitative methods. These indicators should not just concentrate around, nor be limited to, the statutory indicators and standards imposed by central government. Where possible and relevant, the Council should use baseline performance data/information against which future improvement can be demonstrated.

## Section 3

### Key audit and assessment findings

---

87

#### 4. Consultation

The Council carried out extensive consultation on its improvement objectives, covering staff, elected representatives, community/voluntary groups, local businesses, representative business organisations, section 75 and statutory consultees. It also placed adverts in local papers and placed details of the consultation on its website.

The Council received very few responses in relation to the consultation exercise. Given the effort and resources put into the exercise we appreciate that this level of engagement must have been disappointing. The low response rate may have been as a result of performance improvement being a new framework which currently has a very low public profile. Our review of the consultation process identified some proposals for improvement which may encourage more citizens and stakeholders to engage in future consultations.

- raise the profile and transparency of performance improvement throughout the year on the Council's website and other communication channels for example social media, citizen magazines, engagement in respect of the Community Plan etc;
- encourage citizens and stakeholders to contribute at any time during the year by providing contact details on the Council website;
- consider other more effective methods of obtaining views (as well as service level feedback) from citizens and organisations, for example, a citizen panel, stakeholder workshops focus groups, e-platforms etc; and
- the questions in the consultation sought agreement on the objectives and provided an opportunity for comment. From our own experience of consultations we believe that providing additional discussion points and explaining any specific matters the Council wish to obtain comment on, or guide consultees to matters they may wish to reflect upon, encourage more meaningful responses.

The Council does not yet have a standard consultation policy in place. Whilst there is no legal requirement to have one we would encourage any public body who regularly consults with the public to develop a flexible, principles based policy based on current good practice.

## Section 3

### Key audit and assessment findings

---

88

#### 5. Improvement Plan

The purpose of the improvement plan is to show citizens, and other stakeholders, how the Council intends to deliver on its duty under legislation to secure continuous improvement. It does not need to describe everything the Council plans to improve but should focus on functions or services it has selected under its general duty, their related improvement objectives and any statutory requirements placed upon the Council by central government.

An improvement plan should be both transparent and meaningful, setting out how citizens and other stakeholders within the borough will be better off.

The Council published a 'Corporate Plan Update' which incorporated its Performance Improvement Plan for 2016-17 on 29 June 2016. It is available in electronic format on the Council's website. The document contains a high level description of the Council's plan for discharging its duties and includes its improvement objectives. It highlights high level key actions the Council intends to carry out in order to achieve each of its objectives. The plan also includes a separate section on the statutory imposed performance indicators and standards which it was required to report on later in the year. In addition, the plan sets out why objectives were chosen and a statement on the Council's consultation process on improvement objectives.

Whilst the plan meets the requirements of legislation, the improvement objectives are high level and foundational in nature. The plan would benefit from more detail to enhance both the transparency and meaningfulness of the Council's commitment to continuously improve its functions. In particular, there is a need for more specific detail on how each aspect of the objectives is to be delivered and how improvement will be measured. The plan itself is currently not easily accessible by members of the public (largely as a result of the functionality of the current website) and this does not promote transparency of the Council's commitment to improve. As a proposal for improvement, the Council should ensure that the plan (and any other information on performance improvement) is more easily accessible on the website and through other channels.



## Section 3

### Key audit and assessment findings

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#### 6. Arrangements to improve

The Council is required to establish arrangements to deliver on its improvement objectives each year. The Department for Communities guidance sets out that the Council should be able to understand and demonstrate the impact of their arrangements for continuous improvement on the outcomes for citizens.

The underlying projects in relation to the improvement objectives are being supported by delivery plans and budgets. These are being project managed and have lines of accountability, including risk management, to senior management and members. Whilst arrangements are in place it is too early in the performance improvement cycle to determine the extent of any improvement which will be delivered this year. We have reached this view for three key reasons:

- the arrangements in relation to leisure facilities and the community planning objectives are foundational in nature. Delivering these outputs may pave the way for improvement in future years, but not in the current year;
- there is insufficient clarity underlying the improvement objectives and it is not always clear what or how improved outcomes for citizens will be measured. As well as the need for additional clarity around the outcomes, where practicable, these outcomes need to be linked to specific measurable indicators that show performance over time. Without such evidence it will be difficult to assess if improvement is being made; and
- the performance improvement responsibilities are new to the Council and it does not yet have fully established or embedded performance improvement arrangements.

## Section 3

### Key audit and assessment findings

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90

#### 7. Performance Reporting - Statutory performance indicators and standards

This year the Department for Communities required the Council to publish information collected in relation to its statutory performance indicators and standards completed during 2015-16 by 30 September 2016. This information relates to the functional areas of planning, economic development and waste management. As this was the first year of this requirement no comparison or assessment from the Council was expected.

We reviewed the published information:

- the Council published the required information in its 'Performance Improvement Report' by 30<sup>th</sup> September 2016 on the Council website and social media;
- the information agrees to the data held by central government which has been subjected to independent validation and audit;
- the Council met one of the three standards in relation to planning;
- the Council met the required standard in relation to economic development;
- the Council met two of the three standards in relation to waste management; and
- whilst not required by the legislation, the Council has provided an explanation for each result and we commend this approach.

As a proposal for improvement, the Council should ensure that the report (as well as other information on the Council's performance) is more easily accessible on the website and other channels.

Another proposal for improvement is giving further consideration to securing a standard format and means for the reporting of performance across the Council to secure consistency in the look and feel of performance reports and to provide key audiences with concise and easily understood information. It was noted the Council does not currently have a corporate performance management system.

## Section 4 Other Matters

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### Other Matters

#### *Statement on personal data*

- 4.1 During the course of the audit and assessment we may 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 the Data Protection Act 1998.

#### *Independence, integrity & objectivity of auditors*

- 4.2 The NIAO's policy to ensure independence, integrity and objectivity of our auditors was set out in our Audit Strategy. Overall, the threat to the audit arising from issues affecting our independence, integrity and objectivity is low, and the safeguards in place ensure that the likelihood of any impact is low.
- 4.3 We have complied with APB Ethical Standards and, in our professional judgement, we are independent and our objectivity is not compromised. There are no relationships between NIAO and the Council that we consider to bear on our objectivity and independence.

#### *Complaints procedure*

- 4.4 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 Chief Executive of the Council can then write directly to the Local Government Auditor who will ensure that a further review of the case will be undertaken.

# Audit and assessment of Newry, Mourne and Down District Council's performance improvement arrangements

## Certificate of Compliance

I certify that I have audited Newry, Mourne and Down District Council's (the Council) assessment of its performance for 2015-16 and its 2016-17 improvement plan in accordance with section 93 of the Local Government Act (Northern Ireland) 2014 (the Act) and the Code of Audit Practice for local government bodies.

I also certify that I have performed an improvement assessment for 2016-17 at the Council in accordance with section 94 of the Act and the Code of Audit Practice.

This is a report to comply with the requirement of section 95(2) of the Act.

## Respective responsibilities of the Council and the Local Government Auditor

Under the Act, the Council has a general duty to make arrangements to secure continuous improvement in the exercise of its functions and to set improvement objectives for each financial year. The Council is required to gather information to assess improvements in its services and to issue a report annually on its performance against indicators and standards which it has set itself or which have been set for it by Government departments.

The Act requires the Council to publish its assessment before 30 September in the financial year following that to which the information relates, or by any other such date as the Department for Communities (the Department) may specify by order.

The Act also requires that the Council has regard to any guidance issued by the Department in publishing its assessment. For 2016-17, in its performance assessments, the Council must use information collected in relation to statutory performance indicators and standards completed during 2015-16 to establish baseline figures for 2017-18 and subsequent years. No further comparison or assessment for 2016-17 was required.

As the Council's auditor, I am required by the Act to determine and report each year on whether:

- The Council has discharged its duties in relation to improvement planning, published the required improvement information and the extent to which the Council has acted in accordance with the Department's Guidance in relation to those duties; and
- The Council is likely to comply with the requirement to make arrangements to secure continuous improvement in the exercise of its duties.

## Scope of the audit and assessment

For the audit I am not required to form a view on the completeness or accuracy of information or whether the improvement plan published by the Council can be achieved. My audits of the Council's improvement plan and assessment of performance, therefore, comprised a review of the Council's publications to ascertain whether they included elements prescribed in legislation. I also assessed whether the arrangements for publishing the documents complied with the requirements of the legislation, and that the Council had regard to statutory guidance in preparing and publishing them.

## ANNEX

For the improvement assessment I am required to form a view on whether the Council is likely to comply with the requirements of Part 12 of the Act. My assessment of the Council's improvement responsibilities and arrangements, therefore, comprised a review of certain improvement arrangements within the Council, along with information gathered from my improvement audit.

The work I have carried out in order to report and make recommendations in accordance with sections 93 to 95 of the Act cannot solely be relied upon to identify all weaknesses or opportunities for improvement.

## Audit opinion

### Improvement planning and publication of improvement information

As a result of my audit, I believe the Council has discharged its duties in connection with (1) improvement planning and (2) publication of improvement information in accordance with section 92 the Act and has acted in accordance with the Department for Communities' guidance sufficiently, including its guidance on the publication of improvement information in 2016-17.

### Improvement assessment

As a result of my assessment, I believe the Council has as far as possible discharged its duties under Part 12 of the Act and has acted in accordance with the Department for Communities' guidance sufficiently.

2016-17 was the first year in which councils were required to implement the statutory performance improvement framework. Therefore arrangements to secure achievement of its improvement objectives at the Council are at an early stage of development and implementation. This is to be expected in this first year. Whilst the Council has begun to establish arrangements to secure continuous improvement for 2016-17, it is too early for the Council to demonstrate, or for me to determine, the extent to which improvements are being made for the current financial year.

I have not conducted an assessment to determine whether the Council is likely to comply with the requirements of Part 12 of the Act in subsequent financial years. I will keep the need for this under review as arrangements become more fully established.

### Other matters

I have no recommendations to make under section 95 (2) of the Local Government (Northern Ireland) Act 2014.

I am not minded to carry out a special inspection under section 95 (2) of the Act.

**LOUISE MASON**  
**Local Government Auditor**  
**NI Audit Office**  
**106 University Street**  
**Belfast**  
**BT7 1EU**

29 November 2016



|   |   |
|---|---|
| <b>Report to:</b>                                   | <b>Audit Committee</b>                            |
| <b>Date of Meeting:</b>                             | 8 December 2016                                   |
| <b>Subject:</b>                                     | <b>Assessment of Chairman's Performance</b>       |
| <b>Reporting Officer<br/>(Including Job Title):</b> | Dorinnia Carville, Director of Corporate Services |
| <b>Contact Officer<br/>(Including Job Title):</b>   | Liam Hannaway, Chief Executive                    |

**Decisions required:** Members are asked to note the contents of this report.

|            |  |
|------------|--|
| <b>1.0</b> | <b>Purpose and Background:</b>   |
| 1.1        | <p>It was agreed at the Audit Committee meeting of 22<sup>nd</sup> September 2016 that Councillor Casey and the Chief Executive would review the performance of the Chairman using the agreed NAO best practice checklist.</p> <p>A meeting was held on 3 October 2016, facilitated by the Director of Corporate Services, to review the Chair's performance. Councillor Casey and the Chief Executive both completed the performance assessment, having been provided with documentary evidence to support the questions as necessary.</p> <p>On 10 November 2016, the Chief Executive and Director of Corporate Services met with the Chairman to provide him with feedback on his performance arising from the completed assessment and thank him for his services to date.</p> |
| <b>2.0</b> | <b>Key issues:</b>   |
| 2.1        | It was agreed that Mr Campbell has demonstrated performance aligned to best practice in carrying out the role of independent Chairman of the Newry, Mourne and Down District Council Audit Committee.  |
| <b>3.0</b> | <b>Recommendations:</b>  |
| 3.1        | Members are asked to note the contents of this report.   |
| <b>4.0</b> | <b>Resource implications</b>   |
| 4.1        | None.  |
| <b>5.0</b> | <b>Equality and good relations implications:</b>   |
| 5.1        | None.  |
| <b>6.0</b> | <b>Appendices</b>  |
|            | <p>Appendix 1: Completed checklist – Councillor Charlie Casey</p> <p>Appendix 2: Completed checklist – Liam Hannaway, Chief Executive</p>  |

Counaio Casey

## Section II

### The role of the Chair: good practice

The Chair of the Audit Committee has particular responsibility for ensuring that the work of the Audit Committee is effective, that the Committee is appropriately resourced, and that it is maintaining effective communication with stakeholders.

#### Good Practice Questions

| Agenda Setting  | Yes                                 | No                       | N/A                                 |
|---|-------------------------------------|--------------------------|-------------------------------------|
| 1. Does the Chair of the Audit Committee meet with the Committee Secretary before every meeting to discuss and agree the business for the meeting?  | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| 2. Are outline agendas planned one year ahead to cover core activities and specific issues on a cyclical basis?   | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| 3. Does the Chair encourage full and open discussion and invite questions at the Audit Committee meetings?  | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| <b>Communication</b>  |                                     |                          |                                     |
| 4. Does the Chair of the Audit Committee have open lines of communication with the Head of Internal Audit and the External Auditors?  | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| 5. Does the Chair encourage all Committee members to have regular interface with the organisation and its activities to help them understand the organisation, its objectives, and business needs and priorities? | <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 6. Does the Chair have Bilateral meetings at least annually with the AO, Head of Internal Audit, Risk Manager and External Audit.   | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| <b>Monitoring Actions</b>   |                                     |                          |                                     |
| 7. Does the Chair or the Secretariat ensure that all action points from Committee meetings are appropriately acted upon?  | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| 8. Is a report on matters arising made and minuted at the Audit Committee's next meeting?   | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| 9. Does the Chair ensure that after each meeting appropriate reports are prepared from the Committee to the Council and the AO.   | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| 10. Does the Chair present an Annual Report to the committee?   | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| 11. Does the Chair hold managers within the organisation to account for the implementation of all Audit Recommendations?  | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |

**Appraisal**

12. Does the Audit Committee Chair seek appraisal of their personal performance from the Accounting Officer?

A handwritten signature in black ink, appearing to read "Charles Casey". The signature is written in a cursive style with a large initial 'C'.

Chief Executive

## Section II

### The role of the Chair: good practice

The Chair of the Audit Committee has particular responsibility for ensuring that the work of the Audit Committee is effective, that the Committee is appropriately resourced, and that it is maintaining effective communication with stakeholders.

#### Good Practice Questions

##### Agenda Setting

|  | Yes                                 | No                       | N/A                      |
|--|-------------------------------------|--------------------------|--------------------------|
| 1. Does the Chair of the Audit Committee meet with the Committee Secretary before every meeting to discuss and agree the business for the meeting? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Are outline agendas planned one year ahead to cover core activities and specific issues on a cyclical basis?                                    | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Does the Chair encourage full and open discussion and invite questions at the Audit Committee meetings?   | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

##### Communication

|   |                                     |                          |                                     |
|---|-------------------------------------|--------------------------|-------------------------------------|
| 4. Does the Chair of the Audit Committee have open lines of communication with the Head of Internal Audit and the External Auditors?  | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| 5. Does the Chair encourage all Committee members to have regular interface with the organisation and its activities to help them understand the organisation, its objectives, and business needs and priorities? | <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 6. Does the Chair have Bilateral meetings at least annually with the AO, Head of Internal Audit, Risk Manager and External Audit.   | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |

##### Monitoring Actions

|   |                                     |                          |                          |
|---|-------------------------------------|--------------------------|--------------------------|
| 7. Does the Chair or the Secretariat ensure that all action points from Committee meetings are appropriately acted upon?        | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 8. Is a report on matters arising made and minuted at the Audit Committee's next meeting?                                       | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 9. Does the Chair ensure that after each meeting appropriate reports are prepared from the Committee to the Council and the AO. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 10. Does the Chair present an Annual Report to the committee?   | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 11. Does the Chair hold managers within the organisation to account for the implementation of all Audit Recommendations?        | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

**Appraisal**

12. Does the Audit Committee Chair seek appraisal of their personal performance from the Accounting Officer?

*Alan*  
*9/11/16*

|   |   |
|---|---|
| <b>Report to:</b>                                   | Audit Committee                                   |
| <b>Date of Meeting:</b>                             | 8 <sup>th</sup> December 2016                     |
| <b>Subject:</b>                                     | Audit Committee Terms of Reference                |
| <b>Reporting Officer<br/>(Including Job Title):</b> | Dorinnia Carville, Director of Corporate Services |
| <b>Contact Officer<br/>(Including Job Title):</b>   | Dorinnia Carville, Director of Corporate Services |

|   |  |
|---|--|
| <b>Decisions required:</b> For consideration and noting |  |
| <b>1.0</b>  | <b>Purpose and Background:</b>   |
| 1.1   | The Terms of Reference of each sub Committee of Council is contained within Council's Constitution. A review of each Committee Terms of Reference was undertaken with the revised Terms of Reference approved by Council on 7 <sup>th</sup> November 2016.   |
| <b>2.0</b>  | <b>Key issues:</b>   |
| 2.1   | In respect of the Audit Committee, the review considered and aligned as far as practicable for the circumstances the Terms of Reference to the best practice guidance contained in both the HMT "Audit and Risk Assurance Committee Handbook" and the CIPFA "Audit Committee: Practical Guidance for Local Authorities and Police 2013 Edition". The Chairman of the Audit Committee reviewed the proposed revisions and made further amendments to reflect the work of the Audit Committee and the assurances required.<br><br>The NAO Audit Committee Self-Assessment checklist notes at Principle 4 that "the scope of Audit Committee's work should be defined in its Terms of Reference". It was noted in the Chairman's report, following completion of the Audit Committee Self-Assessment Checklist that the Audit Committee should satisfy itself that the scope of work listed in Principle 4 is defined in its terms of reference and encompasses all the assurance needs required. |
| <b>3.0</b>  | <b>Recommendations:</b>  |
| 3.1   | It is recommended that members consider and note the revised Terms of Reference of the Audit Committee and the scope of work contained therein.  |
| <b>4.0</b>  | <b>Resource implications</b>   |
| 4.1   | None   |
| <b>5.0</b>  | <b>Equality and good relations implications:</b>   |
| 5.1   | None   |
| <b>6.0</b>  | <b>Appendices</b>  |
|   | Appendix: Audit Committee Terms of Reference, revised and approved by Council on 7 <sup>th</sup> November 2016.  |

## AUDIT COMMITTEE

### -TERMS OF REFERENCE -

#### Scope

The Audit Committee ("the Committee") will be responsible for assisting the Council in fulfilling its responsibilities for the integrity of the Council's financial and operational results, compliance with legal and regulatory requirements and monitoring performance of internal and external audit.

#### Responsibilities

- To consider the effectiveness of the Council's risk management arrangements, the control environment and governance arrangements including anti-fraud policies, whistleblowing processes and arrangements for special investigations.
- To be satisfied that the Council's assurance statements, including the Governance Statement, properly reflects the risk environment and any actions required to improve it.
- To approve (but not direct) the planned activity, performance and results of internal and external audit.
- To review internal audit reports and the main issues arising and monitor and ensure management responses have been actioned.
- To review the financial statements and accounting policies, the external auditor's opinion and reports to those charged with Governance, and seek assurance that action has been taken where necessary.
- To consider any reports of external and/or inspection agencies.
- To monitor management responses and actions in response to the issues raised by external audit.

#### Membership

The Committee is comprised of the ten (10) Elected Members appointed to the Committee at the Council's Annual Meeting, plus one independent suitability qualified person, who will be recruited for the 4-year term of the Council.



### **Quorum**

No business shall be transacted unless at least 4 members are present.

### **Chairperson**

The Chairperson shall be the independent Member of the Committee and they shall serve as Chairperson for the 4-year term of the Committee.

The head of Internal Audit and the representative from External Audit will have free and confidential access to the Chair of the Committee.

### **Meetings**

The frequency of the meetings will be driven by the scale and nature of the business with the Committee meeting at least four times per year to enable it to discharge its duties adequately and effectively. The Chair of the Audit Committee may convene additional meetings, as they deem necessary.

All meetings of the Committee will be governed by the Council's Standing Orders and the Northern Ireland Code of Conduct for Councillors.

The Chief Executive and Internal Audit will attend all meetings. The Northern Ireland Audit office will be invited to attend all meetings. The Director of Corporate Services and Audit Risk Manager will also be invited to attend. The Committee may also ask any other officials of the Council to attend to assist it with its discussions on any particular matter.

### **Communications and Reporting**

The Committee will provide the Council and Chief Executive with an Annual Report, timed to support the finalisation of the Accounts and the Governance Statement, summarising its conclusions from the work it has done during the year.

The Minutes of the Committee will be reported at a Meeting of the Council by the Director of Corporate Services or, in their absence, by an alternative official (of Council).

### **Declarations of Interest**

A Declaration of Interests Register will be kept for all Committee Members. Each Member should take personal responsibility to declare proactively any potential conflict of interest arising out of business undertaken by the Council.





Chief Executives of District Councils

**Local Government Policy Division  
Finance Branch**

**Level 4  
Causeway Exchange  
1-7 Bedford Street  
Town Parks  
BELFAST  
BT2 7EG**

Telephone: 02890 823375

Email: [jeff.glass@communities-ni.gov.uk](mailto:jeff.glass@communities-ni.gov.uk)

Our Ref:

Your ref:

Date 7 November 2016

Dear Sir/Madam

### **Circular LG 19/2016 GUIDANCE ON PROMPT PAYMENTS**

The Department of the Environment issued guidance (Local Government Circular 17/2013) on prompt payments and the recording of invoice payments in October 2013. After consultation with local government and a review of the process the Department for Communities is issuing this circular to supersede Circular LG 17/2013.

As per Procurement Policy Note – Prompt Payment Policy and Reporting of Performance Action Note 05/15 - “Government is committed to creating a supportive environment in which ambitious businesses can flourish. Late payment is a key issue for business, especially smaller businesses as it can adversely affect their cash flow and jeopardises their ability to trade. The Government recognises that the public sector should set a strong example by paying promptly”.

Managing Public Money NI requires Departments, Agencies and NDPBs to pay invoices accurately and on time to avoid late payment penalties. All public authorities are required to pay suppliers within 30 calendar days of receipt on an undisputed invoice.

The statutory payment of interest and other compensation recovery costs and entitlements are not compulsory. It is for the supplier to decide whether or not to use the rights made available to it.

Government Payment terms were defined in the policy document released on 12 December 2008 called Prompt Payment Guidance for Public Sector Organisations.

Whenever possible, Central Government bodies should endeavour to make payments to suppliers within 10 days. The aim of the policy is to speed up cash flow from the public sector to its suppliers, particularly SMEs.

### **Northern Ireland Executive Prompt Payment Policy**

In line with the Northern Ireland Executive's policy on prompt payment, Departments aim to pay at least 90% of valid invoices within 10 working days. This practice helps business cash flow and, although it is not a contractual obligation, Departments should encourage contractors to implement similar prompt payment practice to subcontractors and to foster it within their supply chains through voluntary agreements.

Public Sector organisations are bound by the Late Payment of Commercial Debts (Interest) Act 1988 (as amended by the Late Payment of Commercial Debt Regulations 2002 (SI 1674) and Late Payment of Commercial Debt Regulations 2013 (SI 395).

The main changes from Circular LG 17/2013 are as follows:

- Councils will continue to provide prompt payment statistics in the format shown in Annex A. However, on a quarterly basis, councils will be required to publish their prompt payment statistics on their individual websites and include explanatory notes on their performance. This should enhance openness and transparency. The explanations referred would be on generic causes of late payment rather than on an individual case to case basis.
- There will be additional categories on the information provided within both the quarterly returns made to the Department and the annual council accounts. These are to include total number of invoices received and the overall amount, the number of invoices that were disputed and the average number of days it takes to pay an invoice.

### **Measurement of Prompt Payment Performance**

The measurement of prompt payment performance should be calculated as follows:

$$(a/b) \text{ multiplied by } 100$$

Where

**a** = number of invoices for commercial goods and services paid within X days of receipt of a valid invoice (where X is 30 calendar days or 10 working days) and;

**b** = total number of valid invoices.

In answer to the frequently asked question on how long do I have to confirm an invoice as valid and undisputed? The Public Contracts Regulations 2015 (PCRs) place a requirement on you (public sector buyers) to include in contracts provisions requiring invoices to be verified in a timely manner. In accordance with the PCRs, undue delay is not sufficient justification for failing to regard an invoice as valid and

undisputed. Therefore, you should make every effort to verify a relevant invoice without undue delay.

Statutory guidance published by the Cabinet Office, which you must have regard to<sup>1</sup>, suggests you should take no more than 7 calendar days from receipt (i.e. received at the designated payment address) to confirm invoices as valid and undisputed. The statutory guidance also suggests (as a model contract term) that in the event of an undue delay (i.e. not confirming an invoice as valid and undisputed within the suggested 7 calendar days), the invoice shall be regarded as valid and undisputed.

This guidance should help to enhance the comparability of council prompt payment performance statistics both with that of other councils, and those of central government.

Yours faithfully

Jeff Glass

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<sup>1</sup> Regulation 113 (4) of the Public Contract Regulations 2015 place an obligation of public sector buyers to have regard to the statutory guidance.

**Annex A**

District councils are encouraged to pay suppliers as promptly as possible and to endeavour to meet the 10 day prompt payment commitment made by the Northern Ireland Executive. Councils have been asked, as a note to the accounts, to complete the information below. Councils are asked on a 3 monthly basis to continue to provide this prompt payment information as illustrated in the format below. Councils are also requested to continually review their payment performance.

Council name:

The default target for paying invoices, where no other terms are agreed, is xx days.

N.B. 30 days target is 30 calendar days and 10 days is 10 working days.

During the year the Council received xx number of invoices totalling £.

The number of disputed invoices\* were XX

Council paid xx invoices totalling £xx.

The Council paid xx invoices within the 30 day target.

The Council paid xx invoices within the 10 day target.

The Council paid xx invoices outside of the 30 day target.

The average number of days taken to pay suppliers during the year was xx days.

\*Reasons for a disputed invoice include: Invoice not for correct sum; Invoice does not include the date, supplier name, contact details or bank details; Invoice does not quote relevant Purchase Order.

Councils should ensure that in the case of a disputed invoice, the supplier is informed as soon as possible that the invoice is disputed and the reason why. Continuous efforts should be made until the matter is resolved.

|                           |   |
|---------------------------|---|
| <b>Report to:</b>         | Audit Committee   |
| <b>Date of Meeting:</b>   | 8 December 2016   |
| <b>Subject:</b>           | Council Decision-Making Processes – Updated Process Maps                      |
| <b>Reporting Officer:</b> | Dorinnia Carville, Director of Corporate Services                             |
| <b>Contact Officer:</b>   | Johnny McBride, Assistant Director – Transformation, Innovation & Performance |

|   |  |
|---|--|
| <b>Decisions Required:</b>  |  |
| Members are asked to:   |  |
| <ul style="list-style-type: none"> <li>▪ <b>Note the contents of the report.</b></li> </ul>   |  |
| <b>1.0</b>  | <b><u>Purpose &amp; Background</u></b>   |
| 1.1   | The purpose of this report is to provide for Member consideration updated process maps (and accompanying narratives) for the Council’s core decision-making processes. This follows a request from the Audit Committee at its meeting on the 4 July 2016 to include references to the capital and revenue appraisal process, as well as decision-tracking, to the original process maps presented.   |
| <b>2.0</b>  | <b><u>Key Issues</u></b>   |
| <b>Amended Process Maps &amp; Narratives</b>  |  |
| 2.1   | Amended process maps and accompanying narratives are provided for: <ul style="list-style-type: none"> <li>i. Decisions which are reserved to Full Council (<b>Appendix I</b>);</li> <li>ii. Decisions which are a result of new legislative developments, new policy development and the initiation of new programmes / projects to support the implementation of the Corporate Plan (2015-19) (<b>Appendix II</b>); and</li> <li>iii. Decisions which are a result of Notices of Motion (<b>Appendix III</b>).</li> </ul> |
| <b>3.0</b>  | <b><u>Resource Implications</u></b>  |
| 3.1   | There are no resource implications contained within this report.   |
| <b>4.0</b>  | <b><u>Equality &amp; Good Relations Implications</u></b>   |
| 4.1   | There are no equality or good relations implications arising from this report.   |
| <b>5.0</b>  | <b><u>Appendices</u></b>   |
| <ul style="list-style-type: none"> <li>▪ <b>Appendix I</b> – Updated process map &amp; narrative – Decisions reserved to Full Council;</li> <li>▪ <b>Appendix II</b> – Updated process map &amp; narrative – Decisions from new legislation, new policy development and new programmes / projects; and</li> <li>▪ <b>Appendix III</b> – Updated Process map &amp; narrative – Decisions from Notices of Motion</li> </ul> |  |

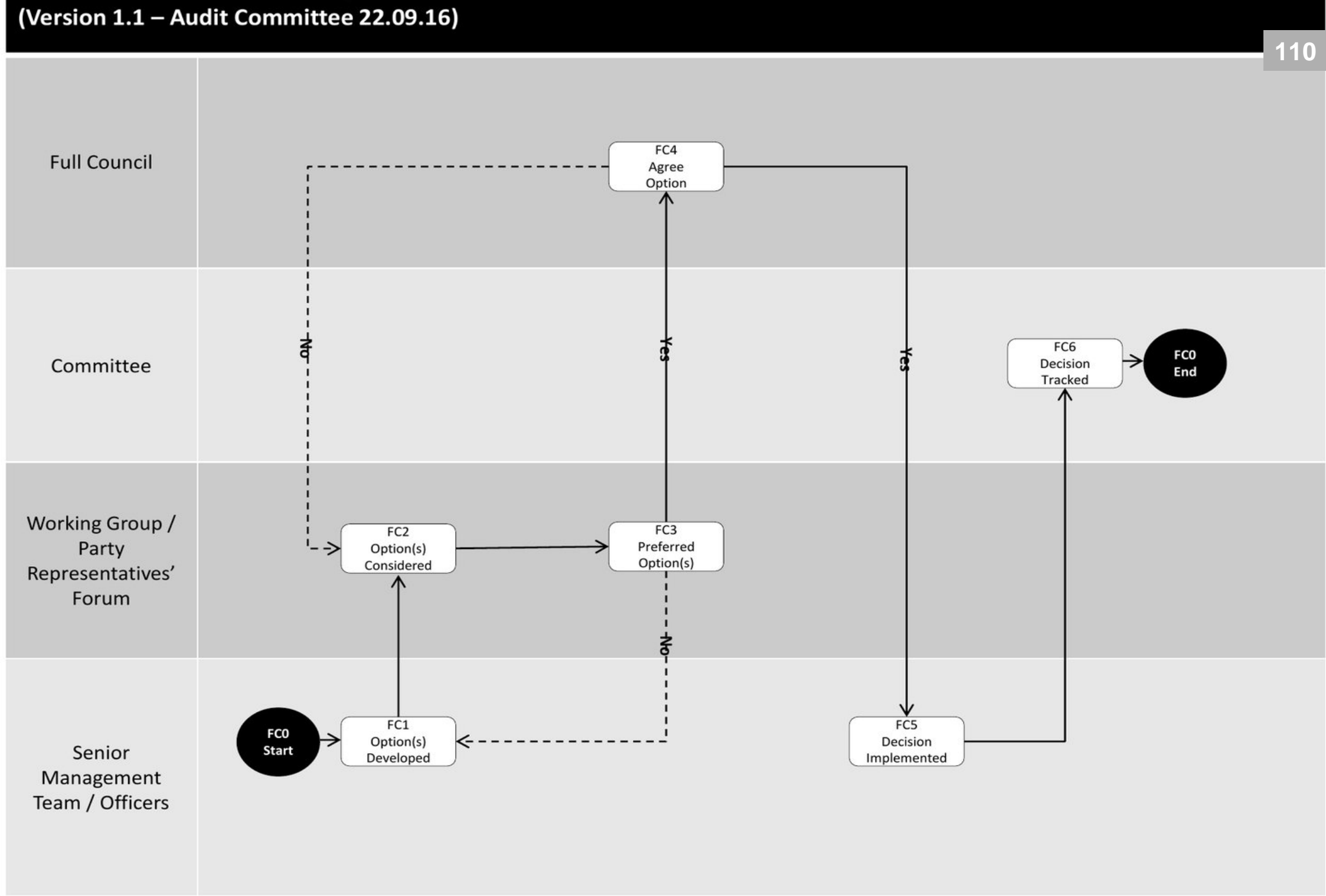




| FCU Start | Decision-making process commences when Council is required to take a decision in accordance with Part 4, Section 7(3) (a-d) and Part 7, Section 40 of The Local Government Act (NI) 2014              | <p>Decisions pertaining to the following functions can only be discharged by the Council itself:</p> <ul style="list-style-type: none"> <li>(i) Setting the District Rate;</li> <li>(ii) Determining an affordable borrowing limit under Section 13(1) of The Local Government Finance Act (NI) 2011;</li> <li>(iii) Borrowing money; and</li> <li>(iv) Acquiring or disposing of land.</li> </ul> <p>In accordance with the Standing Orders, decisions of the Council are subject to a Qualified Majority Vote (QMV) on:</p> <ul style="list-style-type: none"> <li>(i) The adoption of Executive arrangements;</li> <li>(ii) The method to be adopted for the filling of positions of responsibility;</li> <li>(iii) The method to be adopted for the appointment of Councillors to Committees;</li> <li>(iv) The exercise of the General Power of Competence;</li> <li>(v) A Call-in made in accordance with Section 41(1)(b) of the 2014 Act; and</li> <li>(vi) The suspension of Standing Orders.</li> </ul> |
|-----------|---|---|
| FC1       | Senior Management Team (SMT) / Officers identify the issue(s) and prepare draft options for Elected Member consideration.   |   |
| FC2       | Issue(s) and draft option(s) presented for the initial political consideration of the Party Groupings represented on the relevant (Elected Member-led) Working Group or Party Representatives' Forum. | Potential financial, human resources, good relations and equality implications are identified. Draft options are also subject to the capital / revenue appraisal process (where relevant)   |
| FC3       | Preferred option(s) identified with Party Groupings.  | Elected Member feedback is used by the SMT / Officers to refine the potential options in advance of formal presentation to Council.   |

|         |  |   |
|---------|--|---|
| FC4     | Preferred option(s) tabled for the formal consideration and agreement of Full Council.   | Depending upon the nature of the decision, specific decisions will either be subject to a Simple Majority or Qualified Majority Vote. Please refer to FC0 Start. In the event Full Council does not agree with the preferred option(s), normally the issue is referred to a Working Group or the Party Representatives' Forum for further political consideration. The process recommences once a preferred option(s) have been identified. |
| FC5     | Decision of Council implemented.   | Decision of Council implemented by SMT / Officers after statutory period of five (5) working days has elapsed for the purposes of Call-in.  |
| FC6     | Progress in respect of the implementation of the decision is reported back to the relevant Committee of Council as part of the normal tracking of decisions. | This is dependent upon the nature of the decision i.e. contentious, strategic etc. Decision-tracking is currently facilitated via the reporting of Action Sheets to the relevant Committee / Working Group.   |
| FC0 End | The process ends when the decision has been implemented in full.   |   |

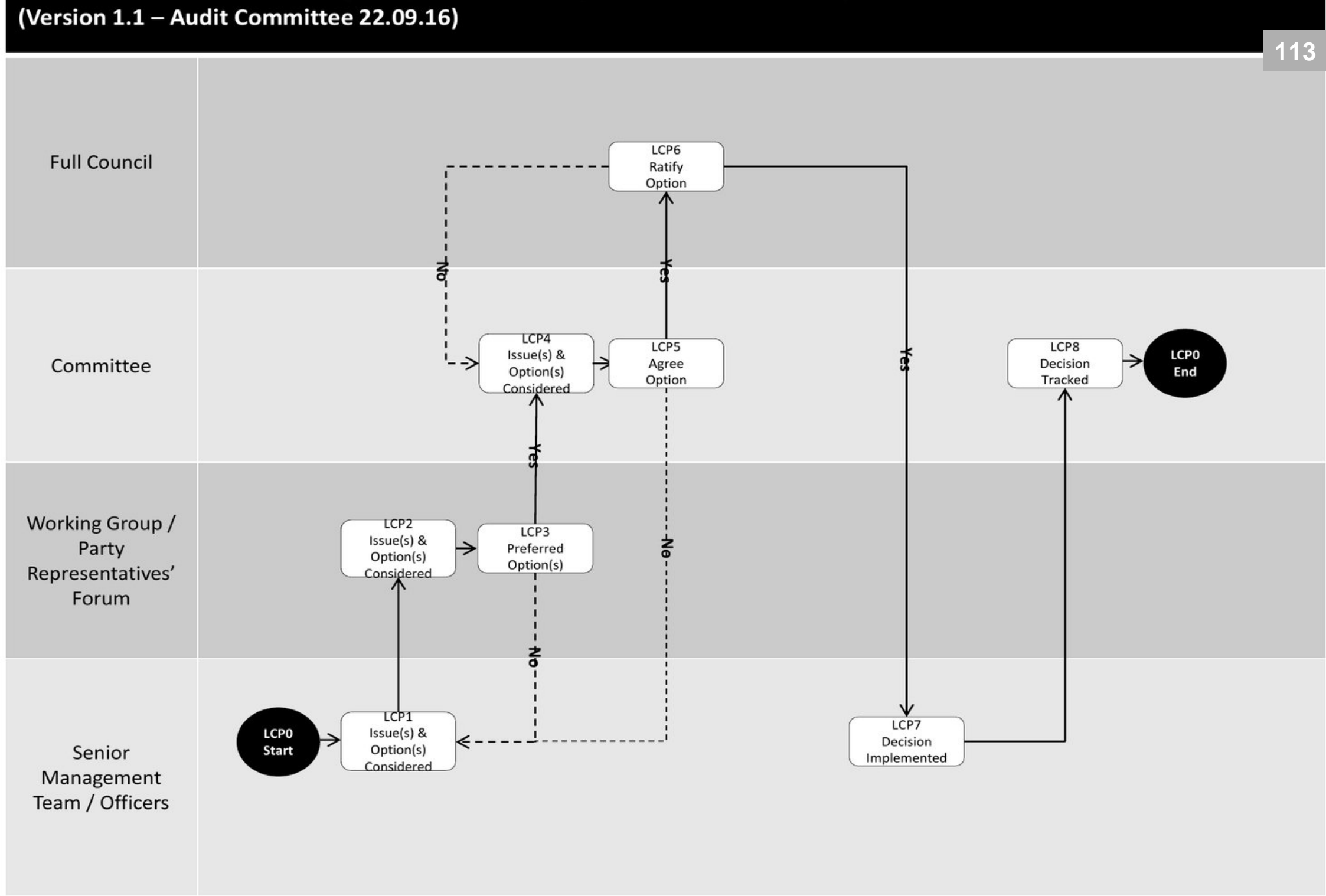
# Council Decision Making Reserved to Full Council



| LCP0 Start | Decision-making process commences when Council is required to take a decision in accordance with the following issues: <ul style="list-style-type: none"> <li>(i) New legislation or statutory guidance issued by the Department of the Environment (DoE) or another Government Agency;</li> <li>(ii) The introduction of new projects or actions to support the implementation of the Council's Corporate Plan; and</li> <li>(iii) The initiation of new policy either in response to existing / new legislative requirements or to support the implementation of the Council's Corporate Plan.</li> </ul> |  |
|------------|---|--|
| LCP01      | Senior Management Team (SMT) / Officers identify the issue(s) and prepare draft options for Elected Member consideration.   |  |
| LCP2       | Issue(s) and draft option(s) presented for the initial political consideration of the Party Groupings represented on the relevant (Elected Member-led) Working Group or Party Representatives' Forum.   | Potential financial, human resources, good relations and equality implications are identified. Draft options are also subject to the capital / revenue appraisal process (where relevant)  |
| LCP3       | Issue(s) and preferred option(s) identified with Party Groupings.   | Elected Member feedback is used by the SMT / Officers to refine the potential options in advance of formal presentation to Council. In the event Party Groupings cannot support the preferred option(s), normally the issue is referred back to the SMT / Officers for further management consideration. The process recommences once a preferred option(s) has been identified. |
| LCP4       | Issue(s) and preferred option(s) tabled for the formal consideration and agreement of the relevant Committee of the Council.  |  |
| LCP5       | Committee of the Council agrees to the option(s).   | In the event a Committee does not agree with the preferred option(s), normally the issue is referred to a Working Group or the Party Representatives' Forum for further political consideration. The process recommences once a preferred option(s) have been identified.  |

|          |  |  |
|----------|--|--|
| LCP6     | Recommendation of the relevant Committee of Council is tabled at Full Council for ratification and adoption.   | This is normally secured through the ratification and adoption of the Minutes. In the event Full Council does not agree with the recommendation of the Committee, normally the issue is referred back to the relevant Committee, Working Group or the Party Representatives' Forum for further political consideration. The process recommences once a preferred option(s) have been identified. |
| LCP7     | Decision of Council implemented.   | Decision of Council implemented by SMT / Officers after statutory period of five (5) working days has elapsed for the purposes of Call-in.   |
| LCP8     | Progress in respect of the implementation of the decision is reported back to the relevant Committee of Council as part of the normal tracking of decisions. | This is dependent upon the nature of the decision i.e. contentious, strategic etc. Decision-tracking is currently facilitated via the reporting of Action Sheets to the relevant Committee / Working Group.  |
| LCP0 End | The process ends when the decision has been implemented in full.   |  |

# Council Decision Making, Legislative, Corporate Plan & Policy





| NM1    | A Notice of Motion is received in writing by the Chief Executive and signed by the Elected Member(s) of the Council giving notice.   | The Motion must be submitted at least ten (10) clear days before the next Meeting of the Council. A Motion shall be rejected if the wording or nature of the Motion is considered unlawful or improper.  |
|--------|--|--|
| NM2    | Subject to the above being satisfied, the Notice of Motion is scheduled for the consideration at the next Meeting of the Council in the order in which they are received.                                    | All notices shall be dated and numbered as received and entered into a register.   |
| NM3    | Notice of Motion is moved.   | The Motion is moved by an Elected Member of the Council. In the event the Motion is not moved, it shall, unless postponed by the consent of the Council be treated as withdrawn and shall not be moved without fresh notice. Please refer to <b>NM3(1)</b> .   |
| NM4(1) | Subject to the Motion being moved and seconded, the Motion is referred (without discussion) to a Committee (in the event it relates to its remit or as decided by the Council) for consideration and report. | The Motion may be subject to Amendments. These are dealt with as part of the Section 17 of the Council's Standing Orders.  |
| NM4(2) | Subject to the Motion being moved and seconded, the Motion is adopted subject to a Single Majority Vote.   | In the event the Motion fails, then the decision of the Council cannot be revisited until six (6) months have elapsed. The decision may however be subject to Call-in as per Section 26 of The Local Government (Northern Ireland) Act 2014.<br><br>If a Motion fails to be considered at a Meeting of the Council, such a Motion will only be included on the |

|         |  |  |
|---------|--|--|
|         |  | <p>agenda for the following Meeting if submitted in writing to the Chief Executive (by the Elected Member concerned) not later than seven (7) clear days before the Meeting.</p> <p>Any Notice of Motion which fails to be considered at two consecutive Meetings will not be accepted for inclusion on the agenda for a period of six (6) months from the date of the second Meeting at which the matter failed to be considered.</p> |
| NM5     | Decision of Council implemented.   | <p>Decision of Council implemented by SMT / Officers after statutory period of five (5) working days has elapsed for the purposes of Call-in.</p> <p>Potential financial, human resources, good relations and equality implications are identified by SMT / Officers and Council advised accordingly. Motion is may also subject to the capital / revenue appraisal process (where relevant)</p>                                       |
| NM6     | Progress in respect of the implementation of the decision is reported back to the relevant Committee of Council as part of the normal tracking of decisions. | This is dependent upon the nature of the decision i.e. contentious, strategic etc. Decision-tracking is currently facilitated via the reporting of Action Sheets to the relevant Committee / Working Group.  |
| NM0 End | The process ends when the decision has been implemented in full.   |  |

# Council Decision Making Process of Motion

