



July 4th, 2016

**Notice Of Meeting**

You are invited to attend the Audit Committee Meeting to be held on **Monday, 4th July 2016** at **2:00 pm** in the **Mourne Room, Downshire Civic Centre, 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

1. **Apologies and Chairperson's remarks.**
2. **Declarations of Interest.**
3. **Action Sheet arising out of: Minutes of Special Audit Committee Meeting held on Tuesday 19 April 2016. (Copy enclosed).**

*ACTION SHEET - Special AC Mtg - 19 April 2016.pdf*

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4. **Action Sheet arising out of: Minutes of Audit Committee Meeting held on Thursday 28 April 2016. (Copy enclosed).**

*Item 4 - Action Sheet AC April 2016.pdf*

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5. **To agree commencement times for Audit Committee Meetings 2016/2017.**

6. **Training for Audit Committee Members. (Copy enclosed).**

*Item 6 - Rpt re Audit Members Training.pdf*

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7. **Annual Report of the Audit Committee 2015-16. (Copy enclosed).**

*Item 7 - Audit Committee Annual Report 2015-16.pdf*

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*Corporate Services*

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8. **Annual Accounts 2015-16. (Copy enclosed)**

*Annual Accounts 2015-16.pdf*

*Page 18*

9. **Corporate Risk Register. (Copy enclosed).**

**10. Review of Whistleblowing Policy. (Copy enclosed).**

Item 10 - Review of Whistleblowing Policy.pdf

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*Items to be considered with press and public excluded*

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**11. Implementation of Internal Audit Recommendations. (Copy enclosed).**

This item is deemed to be exempt under 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.

Pages from meeting-pack-Audit-Committee-Meeting-04-07-2016 [With Notes] 634-4.pdf

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**12. Procurement: Direct Award Contracts 2015-16. (Copy enclosed).**

This item is deemed to be exempt under 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 12 - Direct Award Contracts 2015-16.pdf

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**13. Procurement Report on EU tendering processes in respect of waste. (Copy enclosed).**

This item is deemed to be exempt under 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 13 - EU Tendering in respect of waste.pdf

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*Internal Audit - Items to be considered with press and public excluded*

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**14. Summary Report to Audit Committee. (Copy enclosed).**

This item is deemed to be exempt under 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 14 - Summary report to the AC - 4 July 2016 to Council.pdf](#)

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**15. Follow up Review (Final). (Copy enclosed).**

This item is deemed to be exempt under 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 15 - NMDDC 201516 Follow Up review Final.pdf](#)

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**16. Final Report - Follow up of 2015/2016 Review of Programme Management. (Copy enclosed).**

This item is deemed to be exempt under 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 16 - 201516 NMDDC Follow Up of 201516 review of programme management FINAL.pdf](#)

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**17. Final Annual Assurance Report. (Copy enclosed).**

This item is deemed to be exempt under 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 17 - 201516 NMDDC Annual Assurance Report Final to Audit Committee.pdf](#)

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*For Noting*

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**18. Council decision making process. (Copy enclosed).**

[Item 18 - Council decision making process.pdf](#)

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**19. NIAO Audit Strategy 2016-17: Performance Improvement Audit. (Copy enclosed).**

[Item 19 - NIAO Audit Strategy \(Letter\).pdf](#)

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[Item 19 -NIAO Audit Strategy \(doc\).pdf](#)

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20. **NIAO National Fraud Initiative (NFI): Data Matching Exercise 2016-2017. (Copy enclosed).**

*Item 20 - NIAO National Fraud Initiative.pdf*

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*Items to be considered with press and public excluded*

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21. **Chairman's additional time claim - investigations into governance issues raised by Councillor Enright. (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 21 - Additional costs of Audit Committee.pdf*

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# Invitees

Cllr. Terry Andrews	<a href="mailto:terry.andrews@downdc.gov.uk">terry.andrews@downdc.gov.uk</a>
Cllr. Naomi Bailie	<a href="mailto:naomi.bailie@nmandd.org">naomi.bailie@nmandd.org</a>
Cllr. Patrick Brown	<a href="mailto:patrick.brown@nmandd.org">patrick.brown@nmandd.org</a>
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Mrs. Dorinnia Carville	<a href="mailto:dorinnia.carville@nmandd.org">dorinnia.carville@nmandd.org</a>
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Mrs. Marie Ward	<a href="mailto:marie.ward@downdc.gov.uk">marie.ward@downdc.gov.uk</a>

**ACTION SHEET – SPECIAL AUDIT COMMITTEE MEETING – TUESDAY 19 APRIL 016**

<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>
<b>AC/25/2016</b>	Corporate Governance Concerns raised by Cllr C Enright	<p><b>(1) Provision of Renewable Energy at new <u>Down Leisure Centre</u></b></p> <p>Officials contact the Consultants to establish what the best options were for installing renewable energy systems at the new Down Leisure Centre, which would be within the conditions of the Planning Permission which had already been granted for this project.</p> <p>That as well as seeking an opinion from Consultants on future projects/schemes, that Council Officers ensure they also seek, and take into account, `in-house` advice from Council Officials who may have expertise on a certain area of work.</p> <p>Ms D Carville Director of Corporate Service, examine the figures compiled by Councillor Enright regarding renewable energy at the new Down Leisure Centre and compare these figures with the figures which had been presented by the Consultants engaged to work on the Down Leisure Centre project.</p>	<p><b>Meetings held with the Architects re Renewable Energy and a report will be tabled on possible proposals in the near future</b></p> <p><b>Councillor Enright contacted to provide figures to Mrs D. Carville. Awaiting response.</b></p>



		<p><b>(2) Failure to include negative variance in former Down District Council Management Accounts</b></p> <p>Mr C O Rourke Director of Regulatory &amp; Technical Services prepare an updated report regarding the provision of Wind Turbines and present same to the appropriate Committee Meeting in due course.</p> <p>Ms D Carville Director of Corporate Services review the format of the Council's Management Accounts.</p>	<p><b>To be actioned via RTS Committee</b></p> <p><b>In progress.</b></p>
		<p><b>(3) Provision of Shuttle Bus between Down Civic Campus and Downpatrick Bus Station</b></p> <p>Mr E Curtis Director of Strategic Planning &amp; Performance arrange to table an item at the next meeting of the Downshire Estate Shared Management Group to be held on 28 April 2016 regarding the provision of a Bus Shuttle between Down Civic Campus and Downpatrick Bus Station, and report back with an update to the Strategic Policy &amp; Resources Committee in due course.</p>	<p><b>Issue tabled at Downshire Estate Shared Management Group and the Heath Trust have requested an updated Business Case from Translink.</b></p>

		<p><b>(4) Application for EU Bathing Water Status at several beaches in former Down District Council area</b></p> <p>To note the management response given regarding the Council's application for EU Bathing Water Status and this matter will be reported back to Council via the Enterprise Regeneration &amp; Tourism Committee in due course.</p> <p>That when decisions were taken by Council that Council Officials ensure Members are kept informed on progress.</p>	<p><b>The beach management forum has been set up and the minutes of this went to ERT committee 13 June 2016</b></p> <p><b>Action Sheets are sent to Directors following Council approval of Committee minutes. These are appended to the following months Agenda with update provided. Councillors may contact the relevant Assistant Directors at any time if there are concerns/queries on progress.</b></p>

		<p><b>(5) <u>Contravention of EU Waste Directive in former Down District Council and failure to pursue value for money</u></b></p> <p>Ms D Carville Director of Corporate Services to investigate the processes which were followed regarding tendering under the EU Waste Directive.</p> <p>Council Officials ensure all potential options for future projects are estimated to inform options to include in tender.</p>	<p><b>Completed – agenda item.</b></p>
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		<p><b>(6) <u>The financial options tabled to appoint Assistant Director of Sustainability &amp; Climate Change</u></b></p> <p>Noted that a Report on Corporate Governance would be tabled at the Audit Committee Meeting to be held on Thursday 28 April 2016.</p> <p>A paper setting out the financial options and Other relevant considerations for the appointment of an Assistant Director of Sustainability &amp; Climate Change be brought first to a meeting of the Party Representatives Forum before tabling at the Strategic Policy &amp; Resources Committee Meeting.</p>	<p><b>Completed</b></p> <p><b>Completed. Paper presented to Party Reps Forum on 23 May 2016 and to SP &amp; R on 16 June 2016.</b></p>
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**ACTION SHEET- AUDIT COMMITTEE – THURSDAY 28 APRIL 2016**

<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>
<b>AC/34/2016</b>	Matters raised by Cllr C Enright	<b>(Closed session item)</b> Council Officials arrange to draw up a written report outlining the entire end to end process for Council decision making. This report to be submitted to a meeting of the Strategic Policy & Resources Committee for consideration	Completed – agenda item
<b>AC/40/2016</b>	Update re Corporate Risk Register	To table the Corporate Risk Register at the next meeting of the Audit Committee to be held on Monday 4 July 2016.	Completed – agenda item
<b>AC/43/2016</b>	Update re: Green Tourism Project	Officers ensure appropriate measures are put in place to prevent a similar situation arising with future projects, and that matters regarding the Green Tourism Project no longer be a standing item on the Audit Committee agenda as this matter will report back to Council in due course via the appropriate Committee.	Noted
<b>AC/44/2016</b>	DOE Accounts Direction 15/16 (NI District Councils)	A remuneration report will be included in the Council's draft set of Accounts at the next meeting of the Audit Committee in July 2016.	Completed – agenda item

AGENDA ITEM	SUBJECT	DECISION	FOR COMPLETION BY DIRECTOR – including actions taken/date completed or progress to date if not yet completed
AC/45/2016	NIAO Managing Fraud Risk in a Changing Environment	<p>To complete the NIAO Checklist for Managing Fraud in a Changing Environment and report this checklist back to the Audit Committee for discussion in order to establish the role of the Audit Committee in the control of fraud.</p> <p>Management to review the Council’s Whistleblowing Policy in light of concerns raised by Councillor C Enright regarding there being no provision in the Whistleblowing Policy for Councillors to blow the whistle.</p>	<p>Completed – agenda item</p> <p>Completed – agenda item</p>
		<p>*****</p>	

<b>Report to:</b>	Audit Committee
<b>Date of Meeting:</b>	4 July 2016
<b>Subject:</b>	<b>Audit Committee members training</b>
<b>Reporting Officer (Including Job Title):</b>	Dorinnia Carville, Director of Corporate Services
<b>Contact Officer (Including Job Title):</b>	Dorinnia Carville, Director of Corporate Services

<b>Decisions required:</b>	
Any member requiring training to contact Louise Dillon, in accordance with 3.1	
<b>1.0</b>	<b>Purpose and Background:</b>
1.1	It is recognised good practice for Audit Committee members to receive initial training on appointment and for this to be regularly updated thereafter.
<b>2.0</b>	<b>Key issues:</b>
2.1	<p>The attached "On Board" training is widely recognised in Northern Ireland and is focused on the public sector Audit Committee. The next session is to be held on 30 September 2016.</p> <p>With recent changes to the membership of the Audit Committee, now is an opportune time to consider training needs of members.</p>
<b>3.0</b>	<b>Recommendations:</b>
3.1	<ul style="list-style-type: none"> <li>Any new Audit Committee members are asked to attend training if available.</li> <li>Members who require a training update are also invited to attend.</li> </ul> <p>Should a significant number request training and/or if the date available does not suit, we can contact the training provider to bring training to us which may be more convenient and offer more value for money. Please advise Louise Dillon to make necessary booking arrangements.</p>
<b>4.0</b>	<b>Resource implications</b>
4.1	£225 plus VAT per attendee, plus travel expenses.
<b>5.0</b>	<b>Equality and good relations implications:</b>
5.1	None
<b>6.0</b>	<b>Appendices</b>
	Appendix 1: E-mail of 31/5/16 (on Board training flyer)

From: On Board Training <david@onboard-training.co.uk>  
To: <louise.dillon@newryandmourne.gov.uk>,  
Date: 27/05/2016 12:39  
Subject: Effective Audit and Risk Committee

Email not displaying correctly? [Click here](#) to view it in your browser.

For more information  
**+44 (0) 28 9039 7512**

## THE EFFECTIVE AUDIT AND RISK COMMITTEE

**The Effective Audit and  
Risk Committee**  
30 September 2016  
30 March 2017

There are still places available on the 'Effective Audit and Risk Committee' programme being held at the The Mount Conference Centre in Belfast on 30 September.

In this half day workshop (9.15am to 1.30pm), delegates will gain a detailed understanding of the roles and responsibilities of the Audit and Risk Committee and practical guidance on the critical success factors that will determine whether or not an Audit and Risk Committee is successful. The programme will cover:

- Fundamental roles and responsibilities of the Audit and Risk Committee
- The Audit and Risk Committee's role in relation to risk management and setting risk appetite
- Relationships between the Committee and the Board, Chief Executive, Director of Finance, Internal and External Audit
- How the Committee and its members can really add value to the organisation
- Reviewing the effectiveness of the Audit and Risk Committee



**Who is the course for?**

This workshop is relevant to the Chair and members of Audit and Risk Committees, the Chief Executive, Director of Finance, Secretary/Clerk to the Committee and other relevant senior managers.

**How is the course delivered?**

This workshop will be highly interactive with a mix of presentation, case studies, group discussion and review of live cases.

**Cost and booking**

The cost of attending this event is £225 plus VAT per delegate. To book your place at this event, please complete and return [the booking form](#) by post or e-mail. Alternatively, you may register online.

**Further information**

For further information, please contact David Nicholl at 028 9039 7512 or by e-mail at [david@onboard-training.co.uk](mailto:david@onboard-training.co.uk)

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<b>Report to:</b>	Audit Committee
<b>Date of Meeting:</b>	4 July 2016
<b>Subject:</b>	<b>Audit Committee Annual Report 2015-16</b>
<b>Reporting Officer (Including Job Title):</b>	Joe Campbell, Chairman
<b>Contact Officer (Including Job Title):</b>	Joe Campbell, Chairman

<b>Decisions required:</b>	
For consideration and approval.	
<b>1.0</b>	<b>Purpose and Background:</b>
1.1	It is considered best practice for Audit Committees to produce an Annual Report summarising the key activities and highlighting any key issues arising throughout the year. This report should inform the Governance Statement contained within the Council's Annual Accounts.
<b>2.0</b>	<b>Key issues:</b>
2.1	The Annual Report of the Newry Mourne and Down Audit Committee for 2015-16 is attached.
<b>3.0</b>	<b>Recommendations:</b>
3.1	That the Audit Committee members consider and approve the Annual Report of the Audit Committee 2015-16.
<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 – Audit Committee Annual Report for 2015-16

**Newry, Mourne and Down District Council**  
**Audit Committee**  
**Annual Report for 2015/2016**

## 1. Overview

The Audit Committee met on four occasions during the year; 25 June 2015, 29 October 2015, 28 January 2016 and 28 April 2016 and also held a special meeting 19 April 2016 to consider Management's responses to governance concerns raised by Cllr Enright

1.1 Mr Joe Campbell was appointed as an Independent Member of the Audit Committee on 14<sup>th</sup> September 2015 and in accordance with the Committee's terms of reference took up the role of Chairperson. He chaired his first audit committee meeting on 29<sup>th</sup> October 2015.

### 1.2 Attendance

Members' attendance at committee meetings was as follows:

	AUDIT COMMITTEE 25-Jun-15	AUDIT COMMITTEE 29-Oct-15	AUDIT COMMITTEE 28-Jan-16	AUDIT COMMITTEE 19-Apr-16 (Special)	AUDIT COMMITTEE 28-Apr-16	TOTAL
Mr J Campbell		√	√	√	√	4/4
Cllr P Brown	√	√		√	√	4/5
Cllr C Casey	√	√				2/5
Cllr C Enright	√	√	√	√	√	5/5
Cllr T Hearty	√	√	√	√		4/5
Cllr C McGrath						0/5
Cllr M Murnin	√		√	√	√	4/5
Cllr P O Gribin				√		1/5
Cllr G Sharvin						0/5

### 1.3 Performance Evaluation

In accordance with best practice, the Audit Committee should benchmark its performance against the National Audit Office Self-Assessment Checklist for Audit Committees on a regular basis. An assessment is planned to commence in 2016/17 and this will include an appraisal of the Chairperson performance.

A half day training event on an effective Audit and Risk Committee was held on 9<sup>th</sup> December 2015 for Members of the Audit Committee and any other interested Councillors.

### 1.4 Terms of Reference

The Committee's terms of reference was agreed at the Finance and Resources Committee Meeting on 17<sup>th</sup> February 2015 (FR/136/2015) and formally ratified at Shadow Council on 3<sup>rd</sup> March 2015. It is planned to review the terms of reference during 2016/17.

## **2. Audit Committee Meetings**

2.1 The Audit Committee meetings require the attendance of the Chief Executive, the Director of Corporate Services and the Internal Auditors. The Senior Management Team, Audit Services Manager, Head of Finance and NIAO also usually attend.

2.2 A programme of work for 2016/17 has been agreed by the Audit Committee and is allocated over a schedule of four meetings during the year and is attached for information.

## **3. Review of 2014/15 Draft Financial Statements and Annual Governance Statements**

The draft 2014/15 Financial Statements including the Annual Governance Statement for Down District Council, Newry and Mourne District Council, Newry, Mourne and Down Statutory Transition Committee (period ended 19 June 2014), Newry, Mourne and Down District Council (operating in shadow form) and Peace III Southern Partnership Joint Committee were reviewed and approved for signing by the Audit Committee on 25<sup>th</sup> June 2015 within the statutory deadline.

## **4. Risk Management**

The Audit Committee at its meeting on 29<sup>th</sup> October 2015 agreed to note a progress report on establishing a Risk Management Framework. A Risk Management Policy was approved by Council in March 2016.

Whilst the Committee did not receive a report on corporate risks during 2015/16, significant progress was made in the last quarter and a Corporate Risk Register is scheduled to be reported at the next meeting of the Audit Committee to be held on 4<sup>th</sup> July 2016.

## **5. External Audit**

The Audit Committee reviewed and noted the annual audit letters and the reports to those charged with governance on 28<sup>th</sup> January 2016 for the following 2014/15 financial statements:

- Down District Council
- Newry and Mourne District Council
- Newry, Mourne and Down Statutory Transition Committee (period ended 19 June 2014)
- Newry, Mourne and Down District Council (operating in shadow form)
- Peace III Southern Partnership Joint Committee

The Audit Committee was pleased to note that the Northern Ireland Audit Office (NIAO) had certified all of the above financial Statements with an unqualified audit Opinion, without modification.

## **6. Internal Audit**

ASM Limited were appointed on 1 April 2015 as Internal Auditors.

The Audit Committee at its meeting on 25<sup>th</sup> June 2015 reviewed and noted an Internal Audit Strategy for 2015-2019 and approved the internal audit plan for 2015/16. The Internal Audit Plan was delivered in full.

The Committee noted Internal Audit's Draft Annual Assurance Report for 2015/16 at its meeting on 28<sup>th</sup> April 2016 and the overall opinion of Limited Assurance. The Audit Committee expressed disappointment that the Council had received a limited assurance rating for 2015/16 and requested that Officers take necessary steps to ensure that a satisfactory assurance rating is achieved in 2016/17.

The Committee also reviewed a Follow Up Report on the Implementation of Prior Year Internal Audit Recommendations. The Committee expressed concern at number of recommendations not implemented and the length of time that had elapsed. The importance of Officers giving their full co-operation to Internal Audit work was emphasised to ensure recommendations to strengthen internal controls were implemented in a timely fashion and requested an action plan be developed.

## **7. External Audit Strategy**

The NIAO presented their Annual Audit Strategy for the Year Ending 31 March 2016 to the Audit Committee on 28<sup>th</sup> April 2016 and highlighted areas of significant risk. The Audit Certification deadline for certifying local government bodies' Accounts has been changed to 30 September annually and to ensure compliance a meeting of the Audit Committee would now be scheduled Thursday 22 September 2016 to approve the certified accounts.

## **9. Acknowledgments**

The Audit Committee would wish to thank officers, the Internal and External Auditors for their openness and engagement with the Committee, thereby allowing it to meet its responsibilities.

**Joe Campbell**  
**Independent Chairperson**  
**25 June 2016**

**AUDIT COMMITTEE TIMETABLE**

MEETING DATE	AGENDA
<p><b>January</b> <b>(Propose move to December)</b></p> <p><b>Pre meeting – Chairman and members</b></p>	<ul style="list-style-type: none"> <li>• Internal Audit Progress report</li> <li>• Corporate Risk Register</li> <li>• Review of Circulars</li> <li>• Items referred to Audit Committee</li>   <li>• <b>Final Report to those Charged with Governance (RTTCWG)</b></li> <li>• <b>Annual Audit Letter</b></li> <li>• <b>Annual Review of Audit Committee Checklist</b></li> <li>• <b>Annual Review of Audit Committee Terms of Reference</b></li> </ul>
<p><b>April</b></p> <p><b>Pre meeting – Chairman and members + Internal Audit</b></p>	<ul style="list-style-type: none"> <li>• Internal Audit Progress Report</li> <li>• Corporate Risk Register</li> <li>• Review of Circulars</li> <li>• Items referred to Audit Committee</li>   <li>• <b>Internal Audit Follow Up of Prior Year Recommendations</b></li> <li>• <b>Internal Audit Annual Assurance</b></li> <li>• <b>Internal Audit Strategy &amp; Annual Plan</b></li> <li>• <b>External Audit Plan</b></li> </ul>
<p><b>June</b></p> <p><b>Pre meeting – Chairman and members</b></p>	<ul style="list-style-type: none"> <li>• Internal Audit Progress Report</li> <li>• Corporate Risk Register</li> <li>• Review of Circulars</li> <li>• Items referred to Audit Committee</li>   <li>• <b>Audit Committee Annual Report</b></li> <li>• <b>Annual Review of Internal Audit</b></li> <li>• <b>Unaudited Financial Statements</b></li> <li>• <b>Draft Annual Governance Statement</b></li> <li>• <b>Management Accounts</b></li> </ul>
<p><b>September</b></p> <p><b>Pre meeting – Chairman and members + External audit</b></p>	<ul style="list-style-type: none"> <li>• Internal Audit Progress Report</li> <li>• Corporate Risk Register</li> <li>• Review of Circulars</li> <li>• Items referred to Audit Committee</li>   <li>• <b>Recommend Approval of Audited Financial Statements</b></li> <li>• <b>Draft Report to those Charged with Governance (RTTCWG)</b></li> <li>• <b>Internal Audit Mid-Year Review</b></li> </ul>

**AUDIT COMMITTEE TIMETABLE**

<p><b>Other Items for Consideration</b></p>	<ul style="list-style-type: none"> <li>• Direct Award Contract (DAC) Register</li> <li>• Fraud, Whistleblowing, Complaints summaries</li> <li>• Treasury Management Report</li> <li>• Information Governance Report</li> <li>• Audit Committee Member Self-Assessment of Performance</li> <li>• Assessment of Audit Committee Chairman’s Performance?</li> <li>• Chief Executive’s Mid-Year/ Year end Assurance Statement</li> </ul>
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<b>Report to:</b>	Audit Committee
<b>Date of Meeting:</b>	4 July 2016
<b>Subject:</b>	<b>Annual Accounts 2015-16</b>
<b>Reporting Officer (Including Job Title):</b>	Ken Montgomery, Assistant Director of Finance
<b>Contact Officer (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>The draft Annual Accounts of Newry, Mourne and Down District Council 2015/16 were submitted to the Department for Communities as required.</p> <p>These accounts are now subject to audit by the NIAO.</p> <p>Following completion of the audit, the final accounts will be signed on <u>or</u> before 30 September 2016.</p>
<b>2.0</b>	<b>Key issues:</b>
2.1	<p>Key year end financials to note:</p> <ul style="list-style-type: none"> <li>• After adjustments to the Comprehensive Income and Expenditure Account, the trading surplus of £284k was added to the General Fund leaving a balance of £7.2 million at the 31<sup>st</sup> March 2016.</li> <li>• The total Usable Reserves as at 31<sup>st</sup> March was £8.5 million.</li> <li>• The Governance Statement notes the Internal Audit reviews in 2015/16 and the overall rating by the Head of Internal Audit as limited. It notes progress to date and will be further updated for progress ahead of signing the final accounts.</li> <li>• Fixed Assets at 31<sup>st</sup> March 2016 amounted to £147.8 million, financed by Long Term Borrowing of £52.9 million. To reflect the methodology used to calculate the Minimum Revenue Provision the policy is "for capital expenditure incurred after 31<sup>st</sup> March 2015, MRP will be determined by charging the expenditure over the expected useful life of the asset as the principal repayment on an annuity with an average interest rate of 3.7% commencing in the year expenditure is incurred on the asset."</li> </ul>
<b>3.0</b>	<b>Recommendations:</b>
3.1	None
<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>
	2015-16 Governance Statement and Primary Financial Statements

## **NORTHERN IRELAND LOCAL GOVERNMENT BODIES'**

### **ANNUAL GOVERNANCE STATEMENT**

#### **Scope of Responsibility**

Newry, Mourne and Down District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

Newry, Mourne and Down District Council also has a duty under Local Government Act (Northern Ireland) 2014 to make arrangements for continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Newry, Mourne and Down District Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

Newry, Mourne and Down District Council is required to prepare an Annual Governance Statement which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. This statement explains how Newry, Mourne and Down District Council meets the requirements of Regulation 4 of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 in relation to the publication of an Annual Governance Statement.

#### **The Purpose of the Governance Framework**

The governance framework comprises the systems and processes, and culture and values, by which the local government body is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the local government body's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Newry, Mourne and Down District Council for the year ended 31 March 2016 and up to the date of approval of the financial statements.

## The Governance Framework

The key elements of the systems and processes that comprise Newry, Mourne & Down Council's governance arrangements including arrangements for:

- ***Identifying and communicating Newry, Mourne & Down Council's vision of its purpose and intended outcomes for citizens and service users.***

Council's primary channel of communication with its citizens and service users as its Corporate Plan. The current Corporate Plan spans the period 2015 to 2019 and has been widely disseminated, both online and in hard copy. The Corporate Plan was informed by a variety of internal and external engagements which sought to involve all relevant stakeholders. The Corporate Plan also benefitted from considerable Member input prior to it being formally adopted by Council. Council completed its first annual review of the Corporate Plan in June 2016, informed by a series of consultation workshops with a range of stakeholders.

A key focus of 2015-16 has been on Community Engagement with the establishment of District Electoral Area (DEA) Foras who play a key role in communicating corporate messages throughout the district. DEAs meet bi-monthly and are chaired by an elected member from the area. The development of Thematic Delivery Groups in 2016 will further enhance communication, with membership made up of partner agencies, community and voluntary sector representatives and elected members.

- ***Reviewing Newry, Mourne & Down Council's vision and its implications for Council's governance***

The Corporate Plan for the period 2015 to 2019 sets out the Council's vision and the Corporate Risk Register identifies the main risks associated with achievement of Council's objectives. Both these documents are kept under review, particularly in the context of Council's statutory performance improvement duty.

A Corporate Risk Management Policy was formally adopted by Council in March 2016. The Policy outlines the key governance arrangements to ensure Council effectively manage the risks faced in achieving its objectives. This Corporate Risk Register is reviewed by Senior Management Team bi-monthly and by Audit Committee quarterly. During 2016-17, the risk management arrangements will be further enhanced to ensure that the Corporate Risk Register will be informed by directorate and service risk registers.

- ***Measuring the quality of services for users through the Citizen Satisfaction Survey, for ensuring they are delivered in accordance with Council's objectives and for ensuring that they represent the best use of resources.***

Council strives to operate in an efficient, effective, economic and ethical manner. It has established arrangements to secure continuous improvements in line with the Local Government Act (NI) 2014. Council has complaints procedures in place across its services.

Council measures the quality of its services through a variety of means including:

Market research techniques, surveys, formal consultation processes;

Mystery shopping visits;

Feedback;

Leisure customer surveys;

Complaints;

Reporting & Benchmarking.

- ***Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication.***

The main decision making committee is full Council. Council meetings are led by the Council Chair and Council meets on a monthly basis. Their work is supported by a Committee structure with decisions taken by Committees subject to ratification by full Council. The Constitution sets out the rules and procedures to be followed by Council and Committees when conducting their business in accordance with the law. It contains the standing orders and schemes of delegation which delineates areas of delegated authority.

- ***Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff.***

Council defined the standards of behaviour for Members and staff within its standing orders, Member's Code of Conduct and Employee Code of Conduct. The Members and staff must comply with their respective Codes of Conduct. A number of briefing sessions were held for staff to inform them of the revised Code of Conduct and induction training was provided to Members during the year. All Members and Senior Management Team complete a declaration of conflicts of interest. In 2016-17, the Register of Members Interests will be published on the website to aid transparency. All policies are available on the Council's intranet and refresher training will be provided as these are updated.

- ***Reviewing and updating standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls required to manage risks.***

Council has a Constitution which is regularly reviewed and revised, as and when required to reflect changes brought forward by the Department for Communities (formerly the Department of Environment) or any internal Council reviews. The Constitution is available on the Council's website.

The Constitution contains schemes of delegation which clearly outlines areas of delegated authority.

Council approved a risk management policy in March 2016 which outlines the key processes to be undertaken to effectively manage risk.

- ***Undertaking the core functions of an Audit Committee, as identified in CIPFA's Audit Committees - Practical Guidance for Local Authorities.***

The Audit Committee comprises ten Members of Council and is chaired by an independent Chairperson. The Audit Committee produced an annual report in relation to the work undertaken by the Committee during 2015/16.

The independent Internal Audit service operates in compliance with the Public Sector Internal Audit Standards. The Audit Committee operates in compliance with the CIPFA Audit Committee guidance notes issued in 2013 [and undertakes an annual review of its effectiveness and performance]. Training and updates were provided to members of the Committee, with further training for new members planned for 2016-17.

- ***Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.***

Compliance with laws and regulations is primarily ensured through operation of internal policies and procedures. Council also has access to advice from a range of sources, including in house legal advice and more specialist advice from the Council's Solicitor. All Officers and elected Members are required to act in compliance with their respective Codes of Conduct while carryout out their duties and to declare any conflicts of interest.

- ***Whistle-blowing and for receiving and investigating complaints from the public.***

Council has a whistle blowing policy designed for employees to raise concerns in the knowledge that they will be protected by the safeguards of the Public Interest Disclosure (Northern Ireland) Order 1998. Many public concerns are also addressed through the elected Members who bring the issues to Council for review. The whistleblowing policy was reviewed in 2016 and is maintained on the Council's internal network and is available to all staff.

The Council has complaints procedures in place across its various activities. Complaints management training is being provided in 2016 to staff.

- ***Identifying the development needs of Members and senior officers in relation to their strategic roles, supported by appropriate training.***

Council delivered an elected Members' capacity building programme throughout 2015-16, which included topics such as training in relation to planning functions which transferred to Council, Community Planning minutepad and IT training; how to chair Committee and Council meetings and standing orders. This will be further enhanced in 2016-17. The Council also has an Elected Member accredited training programme which facilitates Members interested in undertaking courses of study to enhance their own individual learning. During 2015-16 four members obtained the advanced Diploma in Civic Leadership through this programme. The Council has an elected Member Development Working Group, with cross party/independant membership. This meets quarterly and is a dedicated working group to ensure a Member led forum to inform on Councillors' development needs. The reports of the working group are tabled directly to Council. Council has achieved the Elected Member Development Charter and will be re-applying for accreditation in 2016/17. The Development of senior officers in relation to their strategic roles was considered by an independant assessors, with opportunities provided to senior officers for training required. Council also avails of Member and Senior Officer personal development training from the LGTG programme as required.

- ***Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.***

Council ensures that clear channels of communication are in place and engages in regular meetings with the community and voluntary sector and with the public. It both welcomes and encourages feedback from stakeholders. In addition to the monthly meeting of full Council, Special Meetings of Council are also held monthly focused specifically on presentations from external bodies. All minutes of public meetings of the Council and its committees are available on the website, with audio recording of committees introduced in 2016-17 to further enhance transparency and accountability.

The Local Government Act (NI) 2014 legislated the Council's general power of competence enabling the Council to take any action it considered appropriate provided the action was not prohibited by any other legislation. Councils have been provided with the ability to act in their own interests and to develop innovative approaches to addressing issues in their borough.

### **Review of Effectiveness**

Newry, Mourne & Down Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the Council who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors.

The effectiveness of the governance framework has been maintained and reviewed as follows:

- By Members. The main decision making body is full Council of elected Members who are ultimately responsible for ensuring effective governance arrangements are in place in order for Council to achieve its goals and objectives. Council meets monthly in statutory meetings. Council has established sub-Committees of Council to consider in further detail its operations in line with specific areas of responsibility, as set out in the Constitution. These Committees of elected members are informed by Council officers.
- By Officers. The Chief Executive ensures that all Council services and activities are delivered in accordance with the aims of the Council's Corporate Plan. The Chief Executive is supported by a Senior Management Team who meet at least monthly to monitor strategic direction and good governance across the District. From January 2016, a meeting of the Corporate Management Team (Assistant Directors), chaired by the Deputy Chief Executives takes place monthly. Directors meet regularly with senior members of their Directorates to ensure that all staff are aware of Council's priorities and that risks are being appropriately managed.
- By the Audit Committee. The Audit Committee provides an important source of assurance to those charged with governance about the Council's arrangements for managing risk, maintaining an effective control environment, and reporting on financial and other performance. The Audit Committee has an Independent Chairperson and met on five occasions during 2015/16.
- By Internal Audit. The Internal Audit function is carried out by an independent firm in accordance with Public Sector Internal Audit Standards. It provides assurance and advisory service to assist Council achieve its objectives and improve the effectiveness of internal control, risk management and governance processes. Seven internal audit assignments were carried out in 2015/16.

### **Other:**

- By reviews of Health and Safety by professionally qualified officers, the Corporate Health and Safety Committee, and various Health and Safety sub committees established in 2016.
- The NIAO provides an external audit opinion on the accounts and may comment on the Annual Governance Statement if they do not consider its contents to be consistent with their understanding.

### Role of Chief Financial Officer

The Council's financial management arrangements do not conform with the requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010). In line with the disclosure required by the Application Note to Delivering Good Governance in Local Government: A Framework (2010), it was the view of the Chief Executive that the arrangements in place for 2015-16 delivered the same impact.

### Significant Governance Issues

Four internal audit reviews conducted in 2015/16 received a limited assurance rating. These were in relation to planning, programme management, procurement and contract management, and off street parking. Satisfactory assurance was obtained in reviews of leisure services, grants management and corporate governance.

The annual opinion of the Head of Internal Audit was limited 'specifically in relation to those limited assurance reviews and the lack of risk management developed across the Council during the period 1 April 2015 to 31 March 2016'.

In addition to those areas noted by Internal Audit above, the following governance issues have been identified:

- Transferred Functions - The challenges of successfully integrating new functions such as planning, off street car parking and community planning continued in the period.
- Delivery of Capital Programme (particularly Leisure Centres) and the long term financial sustainability of the Council continue to be economically challenging.
- Other Governance Arrangements - developing and embedding robust risk management arrangements including ensuring the organisation has effective systems and procedures in place over key strategic priorities and areas of statutory responsibility.

A risk management policy was approved by Council in March 2016 and a corporate risk register was developed in June 2016. Plans are in place to further enhance the risk management procedures in 2016/17. A schedule of actions to progress internal audit recommendations is being actively monitored by management.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

**Signed**  
**Chief Executive**

**Date 30th June 2016**



Newry, Mourne and Down District Council  
 Movement in Reserves Statement for the year ended 31 March 2016

	General Fund Summary £	Other Fund Balances and Reserves £	Capital Receipts Reserve £	Total Usable Reserves £	Total Unusable Reserves £	Total Council Reserves £
<b>Balance as at 1 April 2014</b>	-	-	-	-	<b>(14,126)</b>	<b>(14,126)</b>
<b>Movement in reserves during the year</b>						
Surplus/ (Deficit) on the provision of services	-	-	-	-	-	-
Other Comprehensive Income and Expenditure	-	-	-	-	-	-
<b>Total Comprehensive Income and Expenditure</b>	-	-	-	-	-	-
Adjustments between accounting basis & funding under regulations	389,622	-	-	389,622	(389,622)	-
<b>Net Increase before transfers to Statutory and Other</b>	<b>389,622</b>	-	-	<b>389,622</b>	<b>(389,622)</b>	-
Transfers to / from Statutory and Other Reserves	-	-	-	-	-	-
<b>Increase/ Decrease in year</b>	<b>389,622</b>	-	-	<b>389,622</b>	<b>(389,622)</b>	-
<b>Balance as at 31 March 2015</b>	<b>389,622</b>	-	-	<b>389,622</b>	<b>(403,748)</b>	<b>(14,126)</b>
<b>Movement in reserves during the year</b>						
Surplus/ (Deficit) on the provision of services	393,823	-	-	393,823	-	393,823
Other Comprehensive Income and Expenditure	-	-	-	-	12,018,136	12,018,136
<b>Total Comprehensive Income and Expenditure</b>	<b>393,823</b>	-	-	<b>393,823</b>	<b>12,018,136</b>	<b>12,411,959</b>
Adjustments between accounting basis & funding under regulations	(110,070)	-	-	(110,070)	(1,238,245)	(1,348,315)
<b>Net increase before transfers to Statutory and Other</b>	<b>283,753</b>	-	-	<b>283,753</b>	<b>10,779,891</b>	<b>11,063,644</b>
Transfers to / from Statutory and Other Reserves	-	-	-	-	-	-
<b>Increase in year</b>	<b>283,753</b>	-	-	<b>283,753</b>	<b>10,779,891</b>	<b>11,063,644</b>
<b>Balance as at 31 March 2016</b>	<b>673,375</b>	-	-	<b>673,375</b>	<b>10,376,143</b>	<b>11,049,518</b>
Balance as at 31 March 2016	7,206,946	1,255,113	-	8,462,059	64,096,820	72,558,879

Newry, Mourne and Down  
District Council  
Comprehensive Income and Expenditure Statement for the year ended 31 March 2016

	Notes	2015/16			2014/15		
		Gross Expenditure £	Gross Income £	Net Expenditure £	Gross Expenditure £	Gross Income £	Net Expenditure £
<b>Service Expenditure</b>							
Leisure and Recreational Services	2	25,019,493	(5,078,620)	19,940,873	-	-	-
Environmental Services	2	24,393,107	(2,260,560)	22,132,547	-	-	-
Planning and Development Services	2	6,726,472	(4,022,074)	2,704,398	-	-	-
Highways and Transport Services	2	529,131	(557,822)	(28,691)	-	-	-
DRM and Corporate Management	2	2,510,578	(69,833)	2,440,745	-	-	-
Other Services	2	3,696,040	(1,451,308)	2,244,732	-	-	-
<b>Cost of Services on Continuing Operations</b>		<b>62,874,821</b>	<b>(13,440,217)</b>	<b>49,434,604</b>	-	-	-
Other Operating Expenditure	7	-	-	-	-	-	-
Financing and Investment Income and Expenditure	8	3,060,426	10,920	3,049,506	-	-	-
Surplus or Deficit on Discontinued Operations							
<b>Net Operating Expenditure</b>		<b>65,935,247</b>	<b>(13,451,137)</b>	<b>52,484,110</b>	-	-	-
Taxation and Non-Specific Grant Income	9	-	(52,877,933)	(52,877,933)	-	-	-
<b>Surplus/(Deficit) on the Provision of Services</b>		<b>65,935,247</b>	<b>(66,329,070)</b>	<b>393,823</b>	-	-	-
Surplus/(Deficit) on revaluation of non-current assets	11			5,376,894			
Surplus/(Deficit) arising on revaluation of available-for-sale financial assets	26			-			
Remeasurements of the Net Defined Benefit Liability (Asset)	21			6,641,242			
<b>Other Comprehensive Income and Expenditure</b>				<b>12,018,136</b>			
<b>Total Comprehensive Income and Expenditure</b>				<b>12,411,959</b>			

Newry, Mourne and Down District Council  
Balance Sheet as at 31 March 2016

	Note	31st March 2016	31st March 2015
		£	£
Fixed Assets	11	147,817,266	-
Long Term Investments	16	-	-
Investment In Associates and Joint Ventures		-	-
Long Term Debtors	15	690,169	-
<b>LONG TERM ASSETS</b>		<b>148,507,435</b>	<b>-</b>
Short Term Investments	16	-	-
Inventories	14	349,951	-
Short Term Debtors	15	7,235,302	261,012
Cash and Cash Equivalents	25	8,545,517	-
Assets Held for Sale	11	-	-
<b>CURRENT ASSETS</b>		<b>16,130,770</b>	<b>261,012</b>
Bank Overdraft		1,275,301	237,783
Short Term Borrowing	17	5,204,471	-
Short Term Creditors	18	5,995,789	37,355
Provisions	19	146,343	-
<b>CURRENT LIABILITIES</b>		<b>12,621,904</b>	<b>275,138</b>
Long Term Creditors	18	-	-
Provisions	19	3,669,565	-
Long Term Borrowing	17	52,926,630	-
Other Long Term Liabilities	5,21	22,861,227	-
Donated Assets Account	22	-	-
Capital Grants Receipts in Advance	23	-	-
<b>LONG TERM LIABILITIES</b>		<b>79,457,422</b>	<b>-</b>
<b>NET ASSETS</b>		<b>72,558,879</b>	<b>(14,126)</b>
<b>USABLE RESERVES</b>			
Capital Receipts Reserve	26	-	-
Capital Grants Unapplied Account	26	-	-
Capital Fund	26	1,255,113	-
Renewal and Repairs Fund	26	-	-
Other Balances and Reserves	26	-	-
General Fund	26	7,206,946	389,622
		<b>8,462,059</b>	<b>389,622</b>
<b>UNUSABLE RESERVES</b>			
Capital Adjustment Account	26	49,002,308	-
Financial Instruments Adjustment Account	26	-	-
Revaluation Reserve	26	38,351,670	-
Available for Sale Financial Instruments Reserve	26	-	-
Pensions Reserve	26	(22,790,000)	-
Capital Receipts Deferred Account	26	-	-
Accumulated Absences Account	26	(467,158)	(403,748)
Landfill Regulations Reserve	26	-	-
Provisions Discount Rate Reserve	26	-	-
		<b>64,096,820</b>	<b>(403,748)</b>
<b>NET WORTH</b>		<b>72,558,879</b>	<b>(14,126)</b>

Newry, Mourne and Down District Council  
Cash Flow Statement at 31 March 2016

	Note	2015/16 £	2014/15 £
Net Deficit on the provision of services		393,823	-
Adjustment for non-cash movements		7,249,265	-
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		-	-
<b>Net cash flows from operating activities</b>	25	<b>7,643,088</b>	-
Cash flows from Investing Activities	25	(135,089)	-
Net Cash flows from Financing Activities	25	-	-
<b>Net increase or decrease in cash and cash equivalents</b>		<b>7,507,999</b>	-
Cash and cash equivalents at the beginning of the reporting period		(237,783)	-
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>7,270,216</b>	<b>(237,783)</b>

<b>Report to:</b>	Audit Committee
<b>Date of Meeting:</b>	4 July 2016
<b>Subject:</b>	<b>Corporate Risk Register</b>
<b>Reporting Officer (Including Job Title):</b>	Dorinnia Carville, Director of Corporate Services
<b>Contact Officer (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	<ul style="list-style-type: none"> <li>● On 7 June 2016, SMT held a focused workshop to develop a Corporate Risk Register for the new Council.</li> <li>● The format of the workshop was based on best practice guidance, namely the HM Treasury Orange Book and the NIAO 'Good Practice in Risk Management' guide, and the structure of the Corporate Risk Register is based on the NMD Risk Management Policy which was approved by Council on 7 March 2016.</li> <li>● SMT considered: <ul style="list-style-type: none"> <li>- <b>Risk Identification</b> methods including brainstorming, internal and external audit reports, horizon scanning and past experience;</li> <li>- <b>Risk Assessment</b> at inherent/gross and residual risk levels;</li> <li>- <b>Risk Appetite</b> and <b>Risk Categories;</b> and</li> <li>- <b>Actions to address risks identified.</b></li> </ul> </li> <li>● The SMT will review the Corporate Risk Register on a bi-monthly basis, with the next review in August 2016. It is proposed that the Corporate Risk Register will be presented quarterly to the Audit Committee and annually to Council.</li> <li>● A Directorate Assurance Statement has also been developed and agreed by SMT. This will initially be completed quarterly by each Director and presented to the Chief Executive.</li> <li>● In September 2016 Risk Management Guidance briefing will be provided to the Corporate Management Team and, following this, workshops will be held with each Directorate Management Team to develop Directorate Risk Registers which will support and drive the Corporate Risk Register.</li> </ul>
<b>2.0</b>	<b>Key issues:</b>
2.1	There are a number of risks scoring highly currently and therefore requiring prompt action. The risk scoring highest is risk 8: Failure to have necessary resourcing (people/systems/budget) to deliver efficient and effective services,

	and is reflective of on-going actions to merge and harmonise the two legacy councils into the new organisation. Actions to be taken in this regard are a key part of the work of the Corporate Services Directorate.
<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>
	<p>Appendix I: NMD Corporate Risk Register – June 2016</p> <p>Appendix II: NIAO Good Practice in Risk Management Checklist</p> <p>Appendix III: NIAO Managing Fraud Risk in a changing environment – self-assessment checklist.</p>



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

**Newry, Mourne  
and Down**  
District Council

**Newry, Mourne & Down Council**

**Corporate Risk Register**

**June 2016**

## Version Control

	Date
<b>Last reviewed by SMT</b> - <i>Next review due</i>	7 June 2016 <i>2<sup>nd</sup> August 2016</i>
<b>Last reviewed by Audit Committee</b> - <i>Next review due</i>	4 July 2016 <i>22 September 2016</i>
<b>Last reviewed by Council</b> - <i>Next review due</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	Failure to provide our elected members with adequate support	2	2	4		Chief Executive
4	Failure to empower and support our communities and to implement a community plan to improve the district	4	5	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	Inadequate plans for new powers and responsibilities resulting in failure to adequately deliver services.	2	3	6		Chief Executive
10	Fraud, bribery and corruption impacting on services.	4	2	8		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	2	6		Director ERT

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/ 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 political buy in North &amp; South</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 budget variances by SMT and within Directorates</li> </ul>	3	3	9	<ul style="list-style-type: none"> <li>Adoption and Implementation of Tourism strategy</li> <li>Establishment of a Tourism forum incorporating private and public sector stakeholders</li> </ul>	October 2016  January 2017

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/ 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 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  Autumn 16 – March 17  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/ 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 support.</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> </ul>	2	2	4	<ul style="list-style-type: none"> <li>On-going development of member support programme</li> <li>Induction meetings for new Councillors</li> </ul>	On-going  June 2016

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/ 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 causing reputational damage</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> </ul>	3	3	9	<ul style="list-style-type: none"> <li>Implement Community Engagement Plan</li> <li>Implement capacity building programme</li> <li>Delivery of financial assistance programme</li> </ul>	Oct 16  Ongoing  Ongoing





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/ 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> </ul>	4	4	16	<ul style="list-style-type: none"> <li>Implementation of long term strategic plan</li> <li>Establish strategic policy group</li> </ul>	March 2017

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					
Risk Description/ 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>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  August 2016  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/ 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 requirements</li> <li>Low staff morale</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 filing 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> </ul>	4	5	20	<ul style="list-style-type: none"> <li>Embedding org. design                             <ul style="list-style-type: none"> <li>Phase 2</li> <li>Phase 3</li> </ul> </li> <li>Development of IT strategy</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 financial plan</li> </ul>	Aug 2016 Dec 2016  June 2016  Aug 2016  March 2017  Feb 2017  Dec 2016

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/ 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> </ul>	2	3	6	<ul style="list-style-type: none"> <li>Continue to engage and monitor developments in this area</li> </ul>	On-going

CR.10 Fraud, Bribery and Corruption impacting on services				Risk Owner: Director of CS					
Link to strategic objective: 4, 8				Risk Category: Statutory Duty, Finance, Business Operational/ Reputational					
Risk Description/ 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>• 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 systems and procedures</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>• Register of Interests of members to be made publicly available on internet</li> <li>• Policies to be reviewed and updated</li> </ul>	Sept 16  Sept 16  Aug 16  Oct 16

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/ 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>Natural disasters</li> <li>Camlough Reservoir</li> <li>Localised flooding</li> <li>Harbour disasters</li> <li>Fire</li> <li>Significant IT failure</li> </ul>	5	4	20	<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 Planning Group</li> </ul>	5	3	15	<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> </ul>	July-September 2016  July/Aug 2016  Sept 16

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/ 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 and technologies</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> </ul>	2	4	8	<ul style="list-style-type: none"> <li>Increase staff numbers in communications team</li> <li>IT strategy to improve IT systems</li> <li>Media training for members and staff</li> </ul>	<p>Ongoing</p> <p>June 16</p> <p>Sept 16 – March 17</p>



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/ 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</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> </ul>	3	2	6	<ul style="list-style-type: none"> <li>Implementation of Economic, Development and Investment Strategy and annual review of same</li> <li>Establishment of Economic Forum including public and private sector stakeholder</li> </ul>	<p>On-going</p> <p>Established in May 2016</p>

## Appendix II: NIAO Good Practice in Risk Management Checklist

### Risk Management checklist

1. Risk Management Framework		
		Response
1.1	Does the organisation have an established risk management function, e.g. a risk champion, risk manager, risk management department, risk committee?	Yes – Risk management designated within the Corporate Services Directorate. Audit Services Manager assigned key risk management responsibilities. Risk is considered by the Audit Committee.
1.2	How is risk management sponsored by the Accounting Officer, and responsibility shared with the Board and the Senior Management team?	Risk management policy clearly sets out the responsibility of the Chief Executive and Senior Management Team (Policy reference: RM13).
1.3	Is the organisation's approach to risk fully documented and widely distributed? (i.e. risk appetite)	Risk management policy available to all staff on internal R drive. Staff briefings on risk management between June and December 2016.
1.4	How has risk management been embedded in the following processes: <ul style="list-style-type: none"> <li>- Performance management</li> <li>- Operational management</li> <li>- Financial management</li> <li>- Business planning</li> </ul>	Risk management is an integral part of all processes within Council, as documented in relevant policies.
1.5	How have the following contributed to the development of risk management within your organisation? <ul style="list-style-type: none"> <li>- HM Treasury Orange Book</li> <li>- Internal Audit</li> <li>- External Audit</li> <li>- Other (please detail)</li> </ul>	Risk management policy & procedures and staff training based on HM Treasury Orange Book and NIAO Good Practice in Risk Management. Internal Audit take a risk based approach.
1.6	Does the organisation have a	Yes – Risk Management Policy approved by

	risk management strategy and/or policy?	Council 7 March 2016.
1.7	Has the risk management strategy/policy been endorsed by the Accounting Officer/Board/Audit and Risk Committee?	Yes – Risk Management Policy endorsed by the Accounting Officer and approved by Council 7 March 2016 and brought to the Audit Committee meeting of April 2016.
1.8	How has the risk management strategy/policy been promulgated to staff?	Risk management policy available to all staff on internal R drive. Staff briefings on risk management between June and December 2016.
1.9	How often is the risk management strategy/policy reviewed? When was the strategy/policy last reviewed/updated?	Risk Management Policy will be reviewed at least annually.
1.10	How does the risk management strategy promote the need for effective communication to all relevant stakeholders?	Communication is clearly set out in the policy approach (Policy reference: RM3).
1.11	How does the risk strategy/policy outline how risk should be considered at each level, (strategic and operational), throughout the organisations?	Risk management levels defined in policy. (Policy reference: RM7).
1.12	What process is in place for escalating risks throughout the organisation?	Risk escalation defined in policy. (Policy reference: RM8).
1.13	Is there a contingency or business continuity plan in place? If so, how often is it tested?	Currently under review.
1.14	Is there an IT recovery plan in place? If so, how often is it tested?	To be developed during 2016-17.
1.15	Is there a communications strategy in place that can be applied in the event of risk maturing?	Yes in respect of legacy Councils. To be harmonised in 2016-17.
<b>2.0 Risk Management Process</b>		
2.1	Are the responsibilities of all staff clearly defined and regularly reviewed?	Risk management policy clearly sets out the responsibility of the Chief Executive and Senior Management Team. Corporate

		Management Team and all staff (Policy reference RM13).
2.2	Do risk registers record the following information: <ul style="list-style-type: none"> <li>- Identified risks</li> <li>- Inherent risk assessment (impact and likelihood)</li> <li>- Response to risk</li> <li>- Residual risk assessment (impact and likelihood)</li> <li>- Risk ownership</li> <li>- Timescale for actions required</li> </ul>	Yes. Included in NMD Corporate Risk Register
2.3	Is there a risk register in place which has identified the risks to the organisation at a strategic (organisational) level?	Yes. NMD Corporate Risk Register links risks to strategic objectives.
2.4	Are risk registers maintained at an operational (divisional) level?	Directorate level risk registers to be developed by 30 September 2016.
2.5	Are risk registers maintained at a project level or does evidence exist that risks are assessed for projects individually?	Risk registers currently in place for key projects.
2.6	How often are risk registers reviewed?	NMD Corporate Risk Register to be reviewed bimonthly by SMT and quarterly by Audit Committee. Directorate & Project Risk Registers to be reviewed monthly in Director-led meetings.
2.7	What techniques are used by the organisation in identifying risks?	Brainstorming, internal and external audit reports, horizon scanning and past experience.
2.8	How have the risks identified been linked to the objectives of the organisation?	All corporate risks identified are linked to the NMD Corporate Plan and documented accordingly.
2.9	How have risks been ranked and prioritised for action?	A risk scoring matrix is used (Policy reference: RM10).
2.10	How regularly are the responses to key risks monitored?	NMD Corporate Risk Register to be reviewed bimonthly by SMT and quarterly by Audit Committee. Directorate & Project Risk Registers to be reviewed monthly in Director-led meetings.
2.11	Who is responsible for	NMD Corporate Risk Register to be reviewed

	monitoring the risks?	bimonthly by SMT and quarterly by Audit Committee. Directorate & Project Risk Registers to be reviewed monthly in Director-led meetings.
2.12	Is there any early warning system in place to identify any threats that may contribute to the realisation of key risks?	This is currently being considered in conjunction with critical review of GRACE system.
2.13	Is there a policy in place for managing the risks associated with working with partners at project level?	Risk registers currently in place for key projects.
2.14	How are the risks associated with working with partners at project level identified and managed?	Risk registers currently in place for key projects.
2.15	What is the process in place for reviewing the risk assessment throughout the project lifecycle?	The level of monitoring and review of project level risk registers is determined based on the life of the project.
2.16	How does the rigour of this process vary according to the size/duration/profile of the project?	The level of monitoring and review of project level risk registers is determined based on the life of the project.
2.17	What IT software does the organisation use in its risk management process?	GRACE software currently in use - under review.
2.18	How is risk management incorporated into the organisation's training programme? Is risk management included in induction training for all new staff?	Risk management briefing and training underway between June & December 2016.
2.19	Is there any form of on-going risk communication across the organisation?	Risk communications continually on-going at many levels across the organisation.
2.20	Does the organisation maintain a risk database?	This is currently being considered in conjunction with review of GRACE system.
<b>3. Accountability</b>		
3.1	Have responsibilities for identifying, managing and reporting risk been established? How regularly	Yes. Contained in Risk Management Policy (Policy reference: RM13). This will be reviewed at least annually.

	are these responsibilities reviewed?	
3.2	Are responsibilities in relation to risk reflected in personal objectives and the performance appraisal system?	To be incorporated into Director objectives in 2016-17 in line with introduction of Assurance Statement.
3.3	What measures have the executive directors put in place for reporting on the risk management process to the Board and the Audit and Risk Committee?	Corporate Risk Register to be considered by the SMT bimonthly, by the Audit Committee quarterly and by Council annually.
3.4	How frequently does risk management appear on the Board agenda?	Corporate Risk Register to be considered by the SMT bimonthly, by the Audit Committee quarterly and by Council annually.
3.5	How does the Board/Senior Management team assure themselves that they have identified all of the organisation's risks?	Bimonthly review by SMT also considers any new & emerging risks.
3.6	What references have been made to the risk management process in the annual report?	Governance Statement contains reference to risk management process.
3.7	Have any significant internal control issues relating to identified risks been highlighted in the Governance Statement in recent years?	Yes. Included in Governance Statement 2015/16.
3.8	How does the Internal Audit Service use the risk management framework when planning their work?	Internal Audit take a risk based approach, in accordance with PSIAS standards.
3.9	How does the organisation ensure that systems of internal control are operating robustly?	Review and monitoring by staff as verified independently by internal & external audit.
3.10	How does the organisation gain independence assurance on the effectiveness of its risk management process?	Internal Audit reviews and recommendations by External Audit.



Northern Ireland Audit Office

# Managing Fraud Risk in a Changing Environment

## Self-assessment Checklists



## Fraud risk in a new or merged organisation – aide memoire

The aide memoire and self-assessment checklists in this document are reproduced from *Managing Fraud Risk in a Changing Environment: A Good Practice Guide*, which is available on the NIAO website. The Guide and Checklists should be used in conjunction.

Y Yes  N No

- Y Has our organisation included counter fraud arrangements in the change management process, so they are not overlooked?
- Y Have we allocated clear responsibility to a designated senior manager for overseeing the establishment of a counter fraud strategy in the new/merged organisation?
- Y Does that designated manager have access to, and the full support of, the Audit Committee?
- Y Have we secured counter fraud expertise to provide guidance on fraud-proofing any new systems and processes?
- Y Have we fully considered the impact of significant staff reductions on our internal control environment? Controls may need to be reprioritised to ensure that key fraud risks continue to be addressed.
- Y Have we considered, as a priority, the fraud risks associated with a period of change and the mitigating controls highlighted in Figure 8 of *Managing Fraud Risk in a Changing Environment: A Good Practice Guide*?
- Y Have clear channels been established for staff to raise concerns during the transition period?
- Y Have any changes to established whistleblowing arrangements and points of contact been made clear and communicated to all staff?



# Preventing fraud – Self-assessment checklist

Consider each statement and determine whether it should be assessed as:

- Red:** The area needs significant strengthening and improvement to reduce fraud risk.
- Amber:** The area needs some strengthening and improvement to reduce fraud risk.
- Green:** The area is strong and fraud risk has been reduced to an acceptable level.

Red	Amber	Green	
			<b>Organisational Culture:</b>
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Our organisation has a zero tolerance approach to fraud and corruption that is communicated to all staff in a policy. All staff are aware of their role in relation to fraud prevention.
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	There is clear commitment from senior management and the Board that fraud will not be tolerated.
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	We have communicated our zero tolerance of fraud to all staff, contractors and other third parties with whom we do business. They know what to do if they become aware of possible fraud.
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	A designated senior manager has responsibility for counter fraud work, sufficient resources for this work and direct access to the Audit Committee.
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	There is a code of conduct which sets out clearly for employees which behaviour is acceptable or unacceptable. All staff are required to sign up to this annually. The code highlights that unethical behaviour will lead to disciplinary proceedings.
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	There are arrangements in place for reporting and addressing conflicts of interest, including a register of interests. Staff are made aware of the need to declare potential conflicts of interest.
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Our organisation maintains a register of gifts and hospitality. Staff are aware of the need to register any gifts and hospitality received.
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	All staff attend regular fraud and ethics awareness training. The effectiveness of the training is confirmed through testing. New staff receive fraud and ethics awareness training at induction.
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Our organisation undertakes pre-employment screening by risk assessing posts and undertaking checks to minimise the risk of employing dishonest and unethical staff.
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Leavers and retirees are subject to an exit interview which is designed to identify any vulnerability to fraud. The Audit Committee is notified of any relevant concerns.
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Our organisation has a counter fraud strategy in place, which applies to all aspects of the business, is communicated across the organisation and is overseen by those charged with governance.

**Red**

**Amber**

**Green**

**Fraud Risk Assessment:**

- Our organisation considers fraud risk as part of the overall risk management process.
- Our organisation has carried out a rigorous fraud risk assessment in the last two years (more recently if a new or merged organisation).
- Our assessment of fraud risk is based on known fraud risks, benchmarking with similar organisations and internal brainstorming with frontline staff.
- Our fraud risk assessment has been reviewed and agreed by the Audit Committee and/or Board.
- Counter fraud staff and/or internal audit have a role in fraud-proofing new policies, strategies and initiatives across our organisation to minimise fraud risks.
- Our fraud risk assessment is reviewed at regular intervals, and particularly when our organisation changes, to ensure that any new fraud risks are identified and addressed.

**Audit Committee:**

- Our Audit Committee takes a proactive role with respect to fraud prevention.
- Our Audit Committee is totally independent of management and includes members with financial expertise.
- Our Audit Committee meets at least quarterly and devotes sufficient time to providing assurance on our counter fraud strategy.

Sources: Adapted from 'Fighting Fraud Locally' voluntary checklist for local authorities, April 2011, *Fraud Control Frameworks: Best Practice Guide*, UAE State Audit Institution, January 2011 and *Managing the Business Risk of Fraud: A Practical Guide*, ACFE and IIA, June 2008

# Detecting fraud – Self-assessment checklist

Consider each statement and determine whether it should be assessed as:

- Red:** The area needs significant strengthening and improvement to reduce fraud risk.
- Amber:** The area needs some strengthening and improvement to reduce fraud risk.
- Green:** The area is strong and fraud risk has been reduced to an acceptable level.

**Red**

**Amber**

**Green**

### Internal Control Environment:

- |                          |                                     |                                     |  |
|--------------------------|-------------------------------------|-------------------------------------|--|
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | Our internal controls have been designed to address identified fraud risks and help prevent fraud occurring. The controls are proportionate to the identified fraud risks. |
| <input type="checkbox"/> | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | Our internal control environment includes a range of complementary controls (directive, preventive, detective and corrective).   |
| <input type="checkbox"/> | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | All staff, contractors and other stakeholders are made aware that there are controls in place to prevent and detect fraud, as a deterrent.                                 |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | Our fraud risk controls have been reviewed by internal audit and the Audit Committee.  |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | Internal audit has a direct role in reviewing any new or amended policies and programmes to ensure that fraud risk is minimised at the outset.                             |
| <input type="checkbox"/> | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | Internal audit tests controls to mitigate fraud risks as part of its annual programme of work.   |

### Data Mining and Data Matching:

- |                          |                          |                                     |  |
|--------------------------|--------------------------|-------------------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | We regularly use data analysis to detect potentially fraudulent activity.  |
| <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | Our IT and information systems include controls (such as reconciliations, physical counts and analyses) designed to detect potentially fraudulent activity.          |
| <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | Our data analysis controls include review of journal entries, unusual transactions and period-end transactions, where fraud may be concealed by management override. |
| <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | We share data and participate in data matching exercises (e.g. the National Fraud Initiative) to help in the prevention and detection of fraud.                      |
| <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | We act promptly on any issues of concern identified through data mining and data matching.   |

Red	Amber	Green	
<b>Whistleblowing Arrangements:</b>			
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Our organisation has an internal whistleblowing policy and procedures in place which are known to all staff. Staff are regularly reminded of the policy and procedures.
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Our whistleblowing arrangements are endorsed by senior management and the Board, and include an assurance that all concerns raised will be welcomed and treated seriously.
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	The policy and procedures make clear how, and with whom, staff should raise concerns about possible fraud. A range of internal and external reporting options is given.
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	The policy and procedures make clear how we will handle any concerns raised.
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Our whistleblowing policy provides reassurance that employees will not be victimised or suffer detriment for raising concerns. We monitor to ensure this commitment is borne out in practice.
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Our whistleblowing policy provides assurance about confidentiality. Confidentiality is respected as far as possible in practice.
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Our whistleblowing policy allows for anonymous disclosures, which will be treated seriously, but points out the disadvantages of anonymous disclosures.
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	There is a clear process by which contractors, third parties and members of the public can raise concerns about possible fraud in our organisation, for example a fraud hotline. Details are easily accessible on our website.
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	We review our whistleblowing arrangements periodically to ensure their continued effectiveness. We seek views from employees as to their level of trust and confidence in the arrangements.
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	We maintain confidential case files on all concerns raised and analyse the caseload for indications of systemic control weaknesses.
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	We report on whistleblowing caseload to the Audit Committee.
Sources: Adapted from 'Fighting Fraud Locally' voluntary checklist for local authorities, April 2011, <i>Fraud Control Frameworks: Best Practice Guide</i> , UAE State Audit Institution, January 2011 and <i>Managing the Business Risk of Fraud: A Practical Guide</i> , ACFE and IIA, June 2008			

## Responding to fraud – Self-assessment checklist

Consider each statement and determine whether it should be assessed as:

**Red:** The area needs significant strengthening and improvement to reduce fraud risk.

**Amber:** The area needs some strengthening and improvement to reduce fraud risk.

**Green:** The area is strong and fraud risk has been reduced to an acceptable level.

**Red**

**Amber**

**Green**

### Fraud Response Plan

- |                          |                          |                                     |   |
|--------------------------|--------------------------|-------------------------------------|---|
| <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | Our organisation has a comprehensive fraud response plan in place. The plan is approved by the Audit Committee and Board. |
| <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | The fraud response plan makes clear that all allegations of fraud will be investigated and appropriate action taken.      |
| <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | All allegations of fraud, including anonymous allegations, are assessed in line with the fraud response plan.             |

### Fraud Investigations

- |                          |                          |                                     |  |
|--------------------------|--------------------------|-------------------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | The fraud response plan clearly documents the procedures for fraud investigations.                                     |
| <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | All fraud investigations are carried out in accordance with the fraud response plan.                                   |
| <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | There are arrangements in place for securing fraud investigation expertise from outside the organisation, if required. |

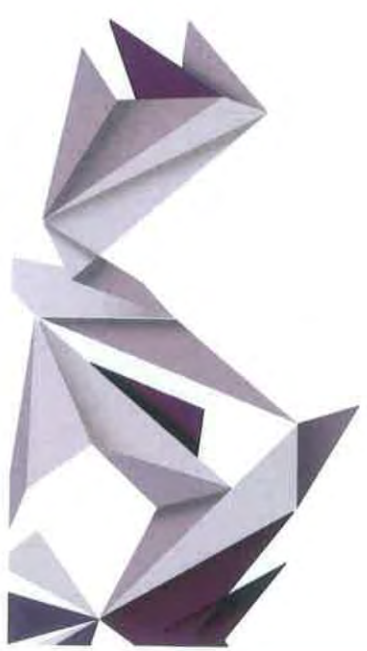
### Sanctions and Redress

- |                          |                                     |                          |   |
|--------------------------|-------------------------------------|--------------------------|---|
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | In responding to proven fraud, we consider the full range of possible sanctions – disciplinary, regulatory, civil and criminal. Where appropriate we consider parallel sanctions. |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | The fraud response plan makes clear that we will seek to recover any losses incurred due to fraud.  |



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### NIAO Self-assessment Checklist

Completion of the self-assessment checklist has identified further work to be undertaken to strengthen controls in these areas scoring red or amber. Actions are outlined below and will be taken forward by the Corporate Services Directorate.

#### **Organisational Culture**

- The Anti-Fraud and Anti-Corruption policy will be amended to include the following:
  - There is a clear commitment from Senior Management and the Council that fraud will not be tolerated.
  - There is a zero tolerance to fraud.
- A review is currently underway to consider further roll out of the requirement for staff to complete declarations of interest. We will consider whether all staff should have to sign off on the Code of Conduct annually.
- A gifts & hospitality register is held within the Democratic Services Office in Newry. The policy and procedures for updating the register should be reviewed and reissued to staff.
- HR is currently developing an E-learning package. This should assist the Council in providing staff with regular fraud and ethics training. HR will also consider that all inductions for new starts should include fraud and ethics training.
- HR will give consideration to holding exit interviews for leavers and retirees to identify any vulnerability to fraud.

#### **Fraud Risk Assessment**

- A detailed fraud risk assessment will be completed by the Corporate Services team in the coming months. Once completed the Fraud Risk Assessment will be reviewed by the Audit Committee.
- The Audit Services Manager will now have a role in fraud proofing key policies, strategies and initiatives across the Council to minimise fraud risks.

#### **Audit Committee**

- The role of the Audit Committee in respect of fraud prevention will be enhanced during 2016-17.

### **Internal Control Environment**

- Consideration will be given to further staff training around internal controls to ensure fraud risks can be identified and to prevent fraud occurring.
- A fraud risk has now been included within the Corporate Risk Register therefore the Audit Committee will be able to monitor the status of the fraud risk.

### **Whistleblowing Arrangements**

- The Whistleblowing Policy will be easily accessible on the internal drive for all staff to view. Consideration will be given to rolling out Council wide staff training on the Whistleblowing Policy.
- Development of the new website will include clear process around raising concerns of possible frauds.
- As staff training is rolled out we will seek views from employees as to their level of trust and confidence in the Whistleblowing Arrangements.
- Going forward Whistleblowing caseload will be reported to the Audit Committee.

### **Sanctions and Redress**

- Within the Fraud Policy we will include a paragraph stating clearly that there can be disciplinary, regulatory, civil and criminal sanctions and these may be parallel.
- The Fraud Response plan will be updated to include a sentence to state that the Council will consider seeking recovery of any losses incurred due to fraud.



<b>Report to:</b>	Audit Committee
<b>Date of Meeting:</b>	4 July 2016
<b>Subject:</b>	<b>Review of whistleblowing policy</b>
<b>Reporting Officer (Including Job Title):</b>	Dorinnia Carville, Director of Corporate Services
<b>Contact Officer (Including Job Title):</b>	Dorinnia Carville, Director of Corporate Services

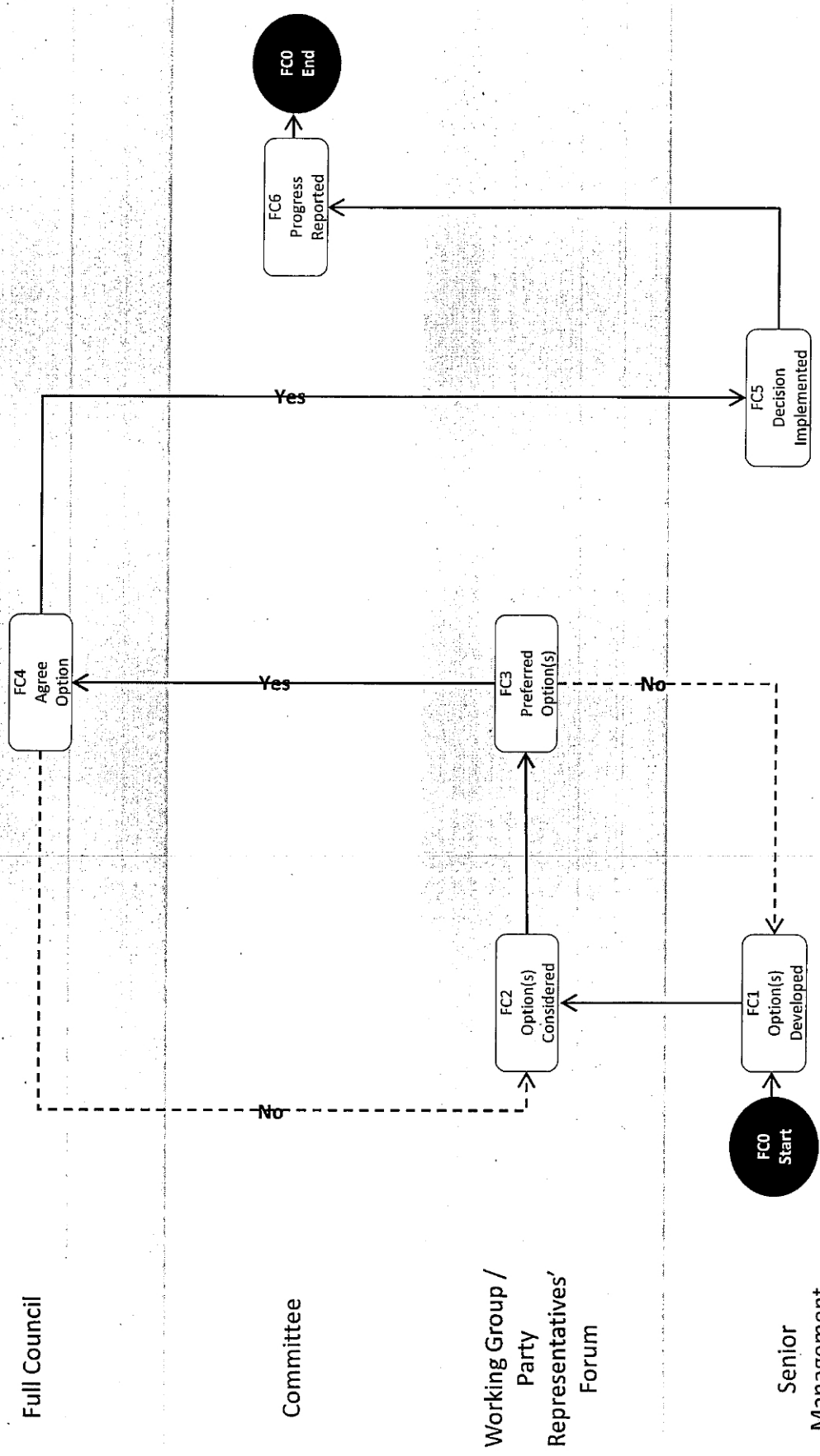
<b>Decisions required:</b>	
For consideration and noting.	
<b>1.0</b>	<b>Purpose and Background:</b>
1.1	<ul style="list-style-type: none"> <li>At the Audit Committee meeting of 28 April 2016, Cllr Enright raised concerns that elected members were not included within the Newry Mourne and Down Whistleblowing Policy.</li> <li>Council's legal advisor carried out a review of the current Newry Mourne and Down Whistleblowing Policy in relation to the specific concerns raised by Cllr Enright. As part of this exercise, the Whistleblowing Policies of four other councils in Northern Ireland were reviewed for inclusion of elected members within.</li> </ul>
<b>2.0</b>	<b>Key issues:</b>
2.1	<p>The Public Interest Disclosure (Northern Ireland) Order 1998 protects <u>workers</u> and <u>employees</u> (as defined by the Employment Rights (Northern Ireland) Order 1996) from detrimental treatment or victimisation from their employer if, in the public interest, they disclose information about a suspected criminal offence, failure to comply with a legal obligation, miscarriage of justice, the endangering of an individual's health and safety, the environment has been or is likely to be damaged or information relating to the above has been or is likely to be concealed.</p> <p>The 1998 Order relates only to a disclosure made by a worker or an employee as defined by the Employment Rights (Northern Ireland) Order 1996, which does not include an Elected Member within the definitions.</p> <p>In relation to elected members, the NI Code of Conduct for Councillors at section 4 sets out the Rules of General Conduct, and paragraph 4.4 requires that a councillor <i>"must report, either through your council's own reporting procedure or directly to the proper authority, any conduct by any other person which you believe involves, or is likely to involve criminal behaviour"</i>.</p> <p>There is therefore no duty or obligation on Council to include Elected Members within the scope of a Whistleblowing Policy, and it would be at the discretion of Council whether it wished to include Elected Members within the scope.</p>

<b>3.0</b>	<b>Recommendations:</b>
3.1	It is recommended that no adjustments are required to the Newry Mourne and Down Whistleblowing Policy in respect of elected members.
<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

<b>Report to:</b>	Audit Committee
<b>Date of Meeting:</b>	4 July 2016
<b>Subject:</b>	<b>Council decision making processes</b>
<b>Reporting Officer (Including Job Title):</b>	Liam Hannaway, Chief Executive
<b>Contact Officer (Including Job Title):</b>	Liam Hannaway, Chief Executive

<b>Decisions required:</b>	
For consideration and noting.	
<b>1.0</b>	<b>Purpose and Background:</b>
1.1	At the Audit Committee meeting of 28 April 2016, Cllr Enright requested Council officials to draw up a written report outlining the end to end process for Council decision making.
<b>2.0</b>	<b>Key issues:</b>
2.1	Process maps and corresponding narrative is attached for the following elements of Council decision making: <ul style="list-style-type: none"> <li>• Decision making reserved to full Council;</li> <li>• Legislative Corporate Plan and Policy decisions;</li> <li>• Notices of Motion; and</li> <li>• Officer delegated decision making.</li> </ul>
<b>3.0</b>	<b>Recommendations:</b>
3.1	That the decision making processes as presented are submitted to a meeting of the Strategic Policy and Resources Committee for consideration, as requested by Cllr Enright.
<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 – Council decision making processes

# Council Decision-Making: Reserved to Full Council



Full Council

Committee

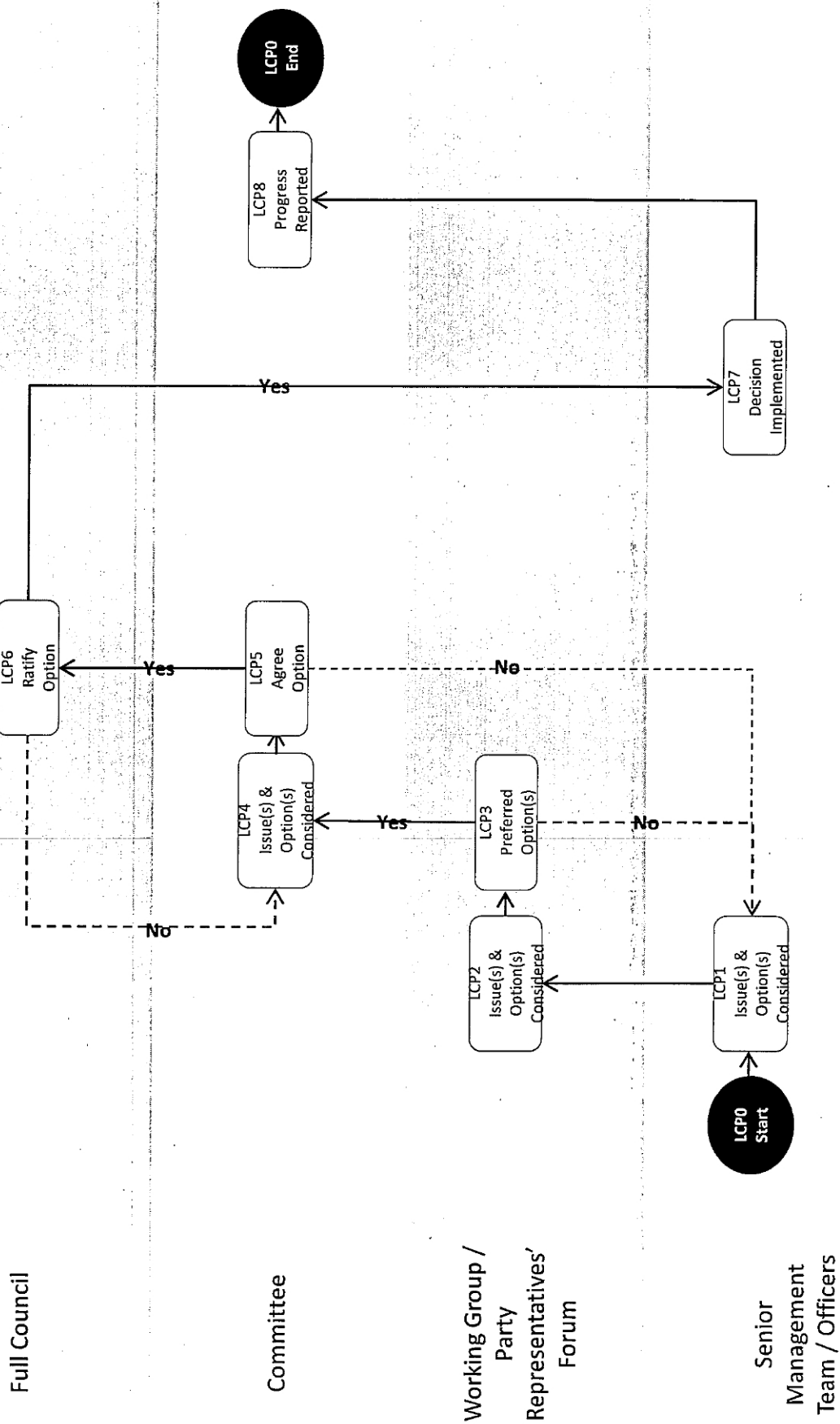
Working Group /  
Party  
Representatives'  
Forum

Senior  
Management  
Team / Officers

ID	Narrative	Notes
FC0 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.	
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

			<p>or Qualified Majority Vote. Please refer to FC0 Start.</p> <p>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.</p>
FC5	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>
FC6	Progress in respect of the implementation of the decision is reported back to the relevant Committee of Council.		<p>This is dependent upon the nature of the decision i.e. contentious, strategic etc.</p>
FC0 End	The process ends when the decision has been implemented in full.		

# Council Decision-Making: Legislative, Corporate Plan & Policy

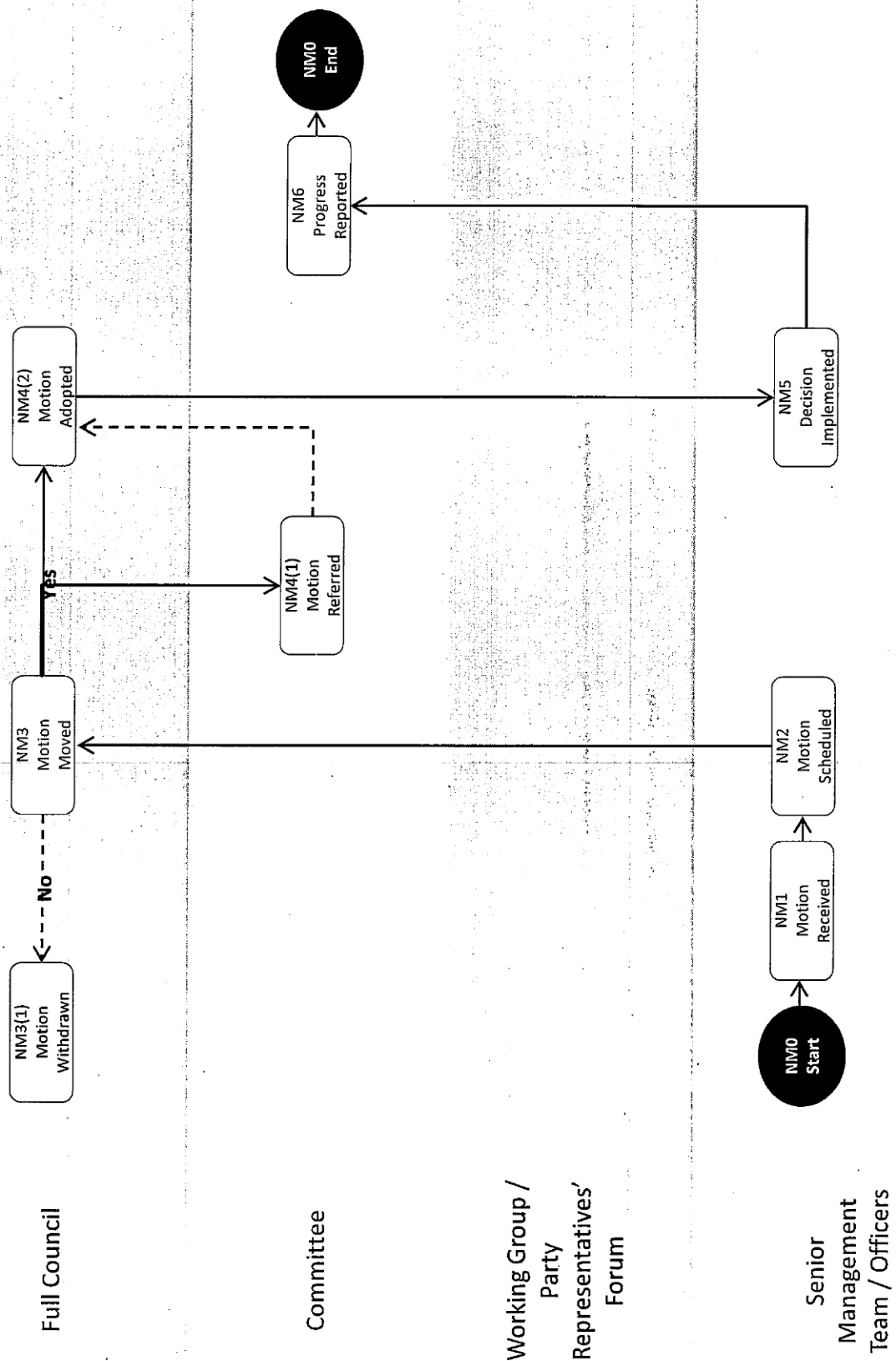


ID	Narrative	Notes
LCP0 Start	<p>Decision-making process commences when Council is required to take a decision in accordance with the following issues:</p> <ul style="list-style-type: none"> <li>(i) New legislation or statutory guidance issued by the Department of the Environment (DoE) or another Government 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.	
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 the Council.	This is dependent upon the nature of the decision i.e. contentious, strategic etc.
LCP0 End	The process ends when the decision has been implemented in full.	

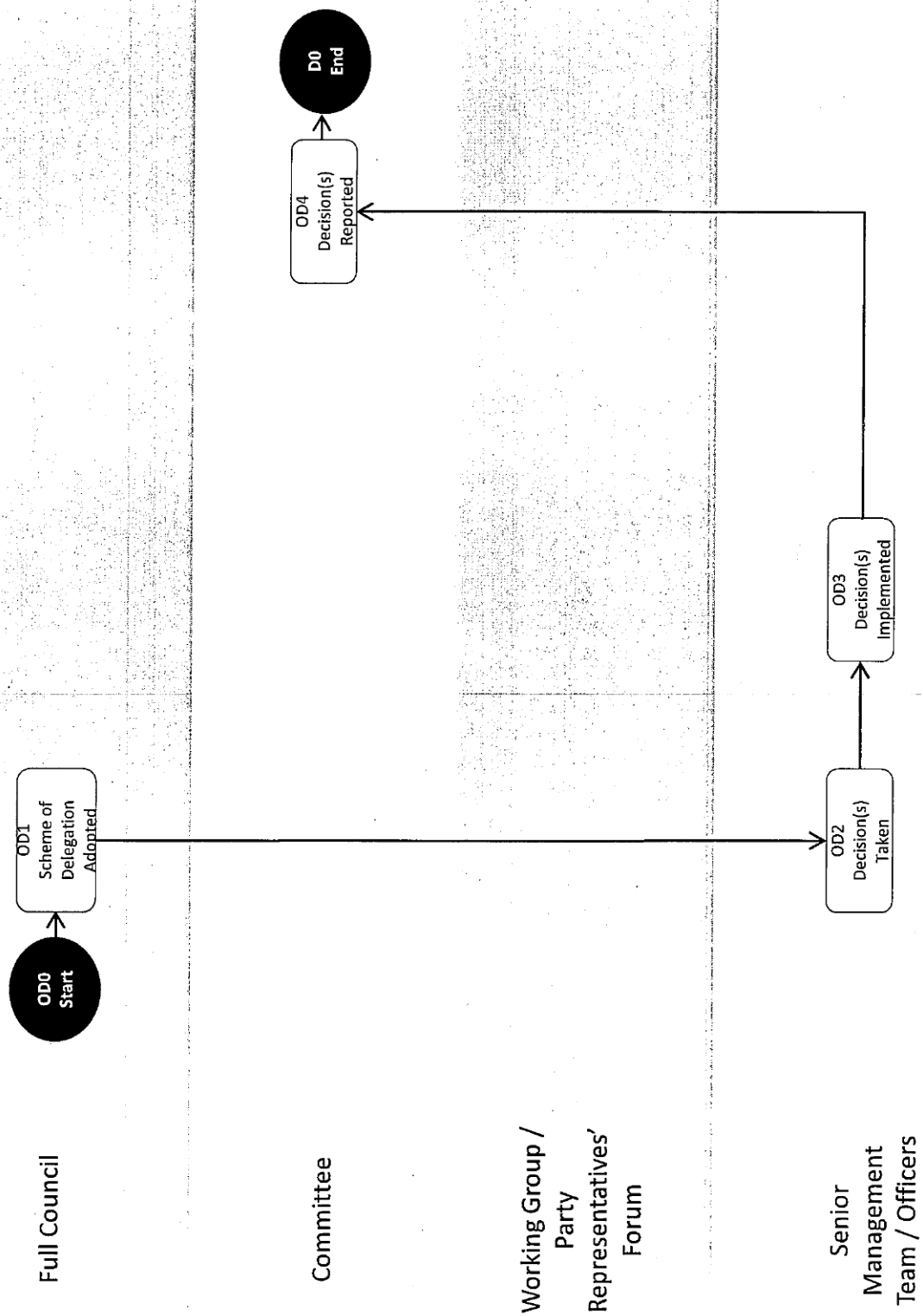
# Council Decision-Making: Notices of Motion



ID	Narrative	Notes
NM0 Start	Decision-making process commences when an Elected Member wishes to submit a Notice of Motion for consideration by the Council.	<p>In accordance with Section 16(1) every Motion shall be relevant to:</p> <ul style="list-style-type: none"> <li>(i) Which the Council has powers or duties or is not prevented from taking action by other legislation;</li> <li>(ii) Which directly affects the District or its residents; and</li> <li>(iii) For which the Council is legally competent.</li> </ul>
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.	<p>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.</p> <p>If a Motion fails to be considered at a Meeting of the Council, such a Motion will only be included on the</p>

		<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.	Decision of Council implemented by SMT / Officers after statutory period of five (5) working days has elapsed for the purposes of Call-in.
NM6	Progress in respect of the implementation of the decision is reported back to the relevant Committee of the Council.	This is dependent upon the nature of the decision i.e. contentious, strategic etc.
NM0 End	The process ends when the decision has been implemented in full.	

# Council Decision-Making: Officer Delegated



ID	Narrative	Notes
OD0 Start	Decision-making process commences when a decision is taken by an Officer as laid out in the Council's Scheme of Delegation for Officers.	
OD1	A Scheme of Delegation for Officers is agreed by the Council.	The current Scheme was adopted on the 31 March 2015 and sets-out the specific decisions and authorisations which Officers can make or grant without any further reference to Council or Committees, subject to Committees being regularly advised on the exercise of the delegated powers.
OD2	A decision is taken by an Officer in accordance with the provisions of the Scheme of Delegation for Officers.	The current Scheme forms part of the agreed Constitution of the Council.
OD3	A decision is implemented by an Officer in accordance with the provisions of the Scheme of Delegation for Officers.	Decisions are separated into those which are: <ul style="list-style-type: none"> <li>(i) General Delegated Function i.e. general management, finance, in cases of emergency / urgency, management of land &amp; facilities, human resources and purchasing; and</li> <li>(ii) Specific Delegated Functions i.e. specific functions which are delegated to specific Officers for their discharge</li> </ul>
OD4	Subject to the provisions of the Scheme of Delegation for Officers, decisions are (retrospectively) reported to the relevant Committee of the Council for Elected Member scrutiny.	The Scheme requires that each Department of the Council shall maintain a register of all delegated decisions taken which shall be reported to the relevant Committee of the Council every six (6) months.  In addition to this, the Scheme also requires that specific decisions (outlined below) shall be reported monthly (to the next scheduled Meeting of the relevant Committee of the Council): <ul style="list-style-type: none"> <li>(i) Use of consultants below the delegated level of £2,000;</li> </ul>

		<ul style="list-style-type: none"> <li>(ii) Any decision to commence formal restructuring within a Department or Departments;</li> <li>(iii) Consultation responses, other than technical responses, where Officers asked for Elected Members' views;</li> <li>(iv) Matters of Health &amp; Safety at Work;</li> <li>(v) In cases of emergency, the awarding of financial assistance externally below the delegated level of £300; and</li> <li>(vi) Other decisions that Officers consider Elected Members should be aware of.</li> </ul>
DO End	The process ends when the reporting of delegated decisions have been considered as part of the adoption of Committee Minutes by Full Council.	



**Neil Gray**  
Director

**Northern Ireland Audit Office**

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Liam Hannaway  
Chief Financial Officer  
Newry, Mourne and Down District Council  
Monaghan Row  
Newry  
BT35 8DJ

17 June 2016

Dear Liam

**Newry, Mourne and Down District Council: Improvement audit and Assessment -Audit Strategy 2016-17**

I enclose the Audit Strategy in respect of the Local Government Auditor's improvement audit and assessment programme of work, which will ascertain whether the Council has met its statutory performance improvement responsibilities for the year, in line with legislation, for the 2016-17 financial year.

The Audit Strategy document, which will be issued annually to the Chief Executive, is intended to fulfil the following functions:

- inform the client of the scope of the programme of work, the Local Government Auditor's key responsibilities and a high level overview of the process; and
- agree a plan with the client for carrying out of the programme of work.

I am happy to respond to any queries you may have, whether on the Audit Strategy or the programme of work generally. I would be grateful if a copy of this letter could be forwarded to the Chair of the Audit Committee and also be included on the agenda of the next Audit Committee meeting.

Yours sincerely

A handwritten signature in blue ink, appearing to be 'Neil Gray', written over a light blue horizontal line.

Neil Gray  
Director





## 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 (the Department), 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 council improvement audits and assessments.

For further information please contact:

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 Director  
 Northern Ireland Audit Office  
 106 University Street  
 Belfast  
 BT7 1EU

Tel: 02890 254345

Email: [neil.gray@niauditoffice.gov.uk](mailto:neil.gray@niauditoffice.gov.uk)

## NEWRY, MOURNE AND DOWN DISTRICT COUNCIL IMPROVEMENT AUDIT AND ASSESSMENT 2016-17

### AUDIT STRATEGY

#### Contents

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## 1.0 INTRODUCTION

1.1 The purpose of this document is to set out the basis on which the Local Government Auditor (LGA) will conduct her programme of improvement audit and assessment work for 2016-17, as required under Part 12 of the Local Government Act (Northern Ireland) 2014 (the Act) and the draft statutory 'Guidance for Local Government Performance Improvement 2016', (the Guidance) as issued by the Department for Communities' (the Department) predecessor, the Department of the Environment. It also sets out the respective responsibilities of the LGA (and her staff) and the Council.

1.2 The programme of work will involve an '*improvement information and planning audit*' and an '*improvement assessment*'<sup>1</sup> to ascertain whether the Council has met its statutory performance improvement responsibilities for the year, in line with the Act and the Guidance.

1.3 This letter also sets out the planned timetable, fees and audit team.

## 2.0 SCOPE OF THE PROGRAMME

2.1 The programme of work will be conducted in accordance with the Act and the supporting Guidance, (which sets out how Part 12 of the Act is to be applied). It will be conducted in accordance with the Local Government Code of Audit Practice 2016 and the LGA's Statement of Responsibilities.

2.2 The LGA will perform the duties listed at section 3 below.

2.3 As well as the reporting requirements set out in the Act, the LGA may decide to include a summary overview of the programme of work carried out during the year in her Annual Report. This report is published in the year after the work is performed.

2.4 The LGA will have no further direct responsibility in relation to the performance improvement framework in 2016-17.

## 3. RESPONSIBILITIES OF THE LOCAL GOVERNMENT AUDITOR

3.1 The LGA has a statutory responsibility for each financial year:

- to carry out an improvement audit for the purposes of determining:
  - (a) whether the Council has, during the year, discharged its duties under section 92 of the Act; and
  - (b) the extent to which the Council has, during the year, acted in accordance with any guidance issued by the Department about any Council duties under section 92;
- to carry out an improvement assessment for the purpose of determining whether the Council is likely, during the year, to comply with the requirements of Part 12 of the Act; and
- to issue a report, or reports, in respect of the Council to the Council and the Department, under section 95 of the Act; and
- to produce and publish an annual improvement report under section 97 of the Act.

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<sup>1</sup> Also referred to as an improvement audit and assessment.

3.2 The Act also sets out that:

- the LGA **may** carry out an assessment for the purpose of determining whether the Council is likely to comply with the requirements of Part 12 of the Act in subsequent financial years. The LGA may decide that until the performance improvement framework becomes more established, assessments relating to future years will not be carried out; and
- the LGA **may** carry out a special inspection of a Council's compliance with the requirements of Part 12 if the LGA is of the opinion that the Council may fail to comply with the requirements of Part 12 of the Act.

3.3 In order to maintain her independence the LGA is unable to provide guidance or advice to the Council on the application of Part 12 of the Act or the Guidance.

#### **4. THE IMPROVEMENT AUDIT AND ASSESSMENT PROCESS**

4.1 The LGA will obtain an understanding of the Council's current performance improvement arrangements and any other evidence that is relevant to enabling the LGA to reach an opinion on the matters outlined above in paragraph 3.1. The audit team shall expect to obtain such appropriate evidence to enable them to perform both the improvement audit and improvement assessment as they consider sufficient to enable the LGA to form her assessment and reach a conclusion on whether the Council has met its performance improvement responsibilities under the Act.

4.2 The nature and extent of our procedures will vary depending upon the nature and complexity of the Council's improvement arrangements. An initial assessment will be performed as part of the planning phase and this will be dependent upon the early provision of relevant documentation by the Council.

4.3 During the fieldwork stage the audit team will request access to all relevant documents and Council officers. We shall review information that supports the Council's improvement plan and self assessment report for consistency and we will bring any inconsistencies to your attention so that they may be resolved prior to concluding and reporting on the audit.

4.4 The audit and assessment work will be performed by staff of the NIAO.

## 5. AUDIT STAFFING AND TIMETABLE

### 5.1 Timetable

5.1.1 Key target dates set out in the table below have been discussed and agreed with the Council's officers. The table incorporates dates set out in the 2014 Act and the Guidance.

Event	Target Date
Audit and assessment planning phase	May 2016
Council publishes performance improvement plan	Not later than 30 June 2016 <sup>2</sup>
Audit fieldwork phase – improvement audit and forward looking improvement assessment audit	1 July 2016
Council publishes self assessment	1 September 2016
Audit fieldwork phase – baseline assessment of councils statutory performance indicators and standards'	2 September 2016
Reporting phase – section 95 report drafted and cleared with senior management	4 November 2016
Final report issued to the Council and the Department	Not later than 30 November 2016
Publication of Council's Annual Improvement Report	24 February 2017

5.1.2 Completion of the audit and assessments in line with the timetable and by the statutory reporting date and the fee associated with this work programme is dependent upon:

- The Council providing specified deliverables of sufficient quality that have been subject to appropriate consultation, internal review and approval, by the agreed dates.
- The Council delivering good quality supporting documentation and evidence, within the agreed timetable; and
- Appropriate Council officers being available at agreed times during the audit.

### 5.2 Staffing

5.2.1 The following NIAO staff will be involved in the audit:

TITLE	NAME
<b>Directors</b>	Neil Gray ☎ 028 90254345 and Colette Kane ☎ 028 90251064
<b>Audit Manager</b>	Gary Christie ☎ 028 90251084
<b>Lead Auditors</b>	Anthony King ☎ 028 90254307 and Kyle Bingham ☎ 028 90254309
<b>Others</b>	Nuala Higgins ☎ 028 90251066 and Lynsey Forsythe ☎ 028 90251029

<sup>2</sup> The Act sets out that councils' should publish their improvement plan **as soon as practicable after the start of the financial year to which it relates**. The Guidance recommends this be completed by the end of June to enable the LGA to meet the statutory reporting deadline of 30 November.

## **6. COUNCIL RESPONSIBILITIES**

6.1 The Council is responsible for ensuring that it complies with its performance improvement duties under the Act and Guidance.

6.2 The Council is responsible for making available, as and when required, all relevant documents and any related information. We are entitled to require from your officers such other information and explanations as we consider necessary for the performance of the LGA's duties.

## **7. FEES**

7.1 There will be a fee payable for the performance improvement programme of work. Fees will be calculated on the basis of the time spent and on the levels of skill and responsibility involved. At the beginning of each year's audit we will estimate the cost of the work and inform the Council. You will appreciate that this is the first full improvement audit and assessment, with no cost precedents to determine an accurate forecasted cost. Once the planning phase has been completed we will be in a better position to refine this forecast. For 2016-17, we anticipate that the average fee will be in the region of £25,000.

## **8. OTHER STATUTORY DUTIES**

8.1 Under the Act, the LGA may carry out Special Inspections in relation to the performance improvement framework (see paragraph 3.2). If a Special Inspection is required it will be subject to separate terms of reference, issued in advance of work commencing.

8.2 The costs associated with any special inspection will be in addition to the regular programme of improvement audit and assessment work. Should a special inspection be required it may not be possible to estimate the cost of work to be undertaken in advance.

## **9. OTHER MATTERS**

### **9.1 Use of Report & Confidentiality**

9.1.1 Reports arising from this work will be provided to the Council and Department and must not be provided to third parties without the LGA's prior written consent. Such consent will only be granted on the understanding that the letter is not prepared with the interests of anyone other than the Council in mind and that neither the LGA nor the NIAO accept any duty or responsibility to any other party. The LGA will publish the annual improvement report and this will be publicly available.

### **9.2 Ethical standards**

9.2.1 The NIAO complies with relevant ethical requirements regarding independence and has developed important safeguards and procedures in order to ensure our independence and objectivity.

### **9.3 Management representations**

9.3.1 As part of our audit process, we may request from management written representations on matters relevant to the audit where other sufficient appropriate evidence cannot reasonably be expected to exist, and where management may have made certain oral representations.

## 9.4 Communications

9.4.1 It is anticipated that some of the audit work can be performed remotely, however the majority of the work will be performed at Council premises. We may request information at the relevant times in an appropriate format and this will be supplemented by face to face meetings with relevant officers.

9.4.2 We will provide you with a report setting out the information specified in section 95 (2) of the Act. We will also report any areas in which we consider there are opportunities for the Council to improve. Our procedures are limited to those considered necessary for the effective performance of the audits and assessment. Therefore, the Local Government Auditor's observations should not be regarded as a comprehensive statement of all weaknesses which exist, or all improvements which could be made.

## 9.5 Personal Data

9.5.1 The processing of personal data for audit and assessment purposes will be completed in accordance with the requirements of the Data Protection Act 1998. We have procedures in place to ensure that the security of personal data is safeguarded at all stages of the audit process.

9.5.2 Should you wish to discuss any aspects of our work programme, please do not hesitate to contact Gary Christie ☎ 028 90251084.



Neil Gray  
Director

## The Audit Office

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21<sup>st</sup> June 2016

Dear Accounting Officer / Chief Executive

### National Fraud Initiative (NFI) in Northern Ireland: Data Matching Exercise 2016-17

1. As you will be aware, your organisation has participated in previous NFI exercises. The NFI has proved to be a valuable tool in the fight against fraud in Northern Ireland, with total outcomes to date of almost £33 million. I would like to take this opportunity to thank your organisation for its important role in this ongoing counter-fraud initiative.
2. The purpose of this letter is to inform you of the fifth NFI exercise which will commence later this year, with data upload on 10th October 2016. Once again, your organisation will be expected to participate. A full list of participating bodies is at Appendix 1.
3. We will require upload of the same datasets as in previous years. These are listed at Appendix 2. We are also keen to hear about any suggestions you may have for other possible datasets which could be matched for counter fraud purposes. I have asked your Director of Finance to contact us if you wish to propose the inclusion of other data sets.
4. A fee will be charged as before, based on the size and complexity of datasets uploaded. Any fee increase will be minimal. The Department of Finance has approved the charging of fees in respect of Crown bodies.
5. I will write separately to your Director of Finance with more detail about the 2016-17 exercise. In the meantime, should you have any queries or like more information generally on the exercise, please contact Valerie Evans (028 9025 1062) or email [nficoordinator@niauditoffice.gov.uk](mailto:nficoordinator@niauditoffice.gov.uk).

Yours faithfully

A handwritten signature in blue ink, appearing to be 'Neil Gray', written over a light blue horizontal line.

Neil Gray  
Director

**Participants in NFI 2016-17 Data Matching Exercise****Department of Agriculture, Environment and Rural Affairs**

Forest Service  
Livestock & Meat Commission  
Agri-Food & Biosciences Institute  
NI Environment Agency

**Department for Communities**

Community Relations Council  
Northern Ireland Housing Executive  
National Museums Northern Ireland  
Arts Council of Northern Ireland  
Libraries NI  
Sport Northern Ireland  
NI Commissioner for Children and Young People

**Department for the Economy**

Belfast Metropolitan College  
Construction Industry Training Board  
General Consumer Council  
Health and Safety Executive  
Invest Northern Ireland  
Labour Relations Agency  
Tourism Northern Ireland  
Northern Regional College  
North West Regional College  
South Eastern Regional College  
Southern Regional College  
South West College  
Stranmillis University College  
Ulster Supported Employment Ltd

**Department of Education**

Education Authority  
Council for Catholic Maintained Schools  
Council for the Curriculum, Examinations & Assessment

**Department of Finance**

Land and Property Services Agency  
Northern Ireland Statistics and Research Agency  
NICS Pensions



**Department of Health**

Northern Ireland Guardian ad Litem Agency  
Northern Ireland Medical and Dental Training Agency  
Public Health Agency  
Business Services Organisation  
Health and Social Care Board  
Belfast Health and Social Care Trust  
Northern Health and Social Care Trust  
South Eastern Health and Social Care Trust  
Southern Health and Social Care Trust  
Western Health and Social Care Trust  
Regulation and Quality Improvement Authority  
Northern Ireland Blood Transfusion Service  
NI Ambulance Service HSS Trust  
NI Social Care Council  
Northern Ireland Fire and Rescue Service

**Department for Infrastructure**

Driver & Vehicle Agency  
Rivers Agency

**Department of Justice**

Forensic Science NI  
NI Courts and Tribunals Service  
Legal Services Agency NI  
Probation Board for Northern Ireland  
Youth Justice Agency of NI

**The Executive Office**

Equality Commission for Northern Ireland  
Strategic Investment Board

**Public Prosecution Service (non-ministerial)****Northern Ireland Assembly****NI Authority for Utility Regulation**

**Councils**

Antrim and Newtownabbey Borough Council  
Ards and North Down Borough Council  
Armagh City, Banbridge and Craigavon Borough Council  
Belfast City Council  
Causeway Coast and Glens District Council  
Derry City and Strabane District Council  
Fermanagh and Omagh District Council  
Lisburn and Castlereagh City Council  
Mid and East Antrim Borough Council  
Mid Ulster District Council  
Newry, Mourne and Down District Council

NI Local Government Officers' Superannuation Committee  
ARC 21

**Other Voluntary Participants**

Apex Housing  
Choice Housing  
Electoral Office  
Helm Housing Association  
NI Water  
Northern Ireland Audit Office  
St. Mary's University College  
Translink  
Victims and Survivors' Service

**Datasets for download and matching**

Participating Organisation	Datasets to be submitted
<ul style="list-style-type: none"> <li>• Core datasets to be submitted by <b>all bodies</b></li> </ul>	<ul style="list-style-type: none"> <li>• Payroll</li> <li>• Trade creditors (including standing data and payments history data)</li> </ul>
<ul style="list-style-type: none"> <li>• Pensions data to be submitted by <b>all pension paying bodies</b>:                             <ul style="list-style-type: none"> <li>○ NICS Pensions</li> <li>○ Teachers’ Pensions</li> <li>○ Health Pensions</li> <li>○ Local government pensions</li> <li>○ NI Fire and Rescue Pensions</li> <li>○ Assembly Pensions</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Pensions (including deferred pensions)</li> </ul>
Additional datasets to be submitted by relevant bodies	
<ul style="list-style-type: none"> <li>• NI Housing Executive</li> </ul>	<ul style="list-style-type: none"> <li>• Housing benefit claimants</li> <li>• Housing tenants</li> <li>• Right to buy</li> <li>• Social housing waiting list</li> </ul>
<ul style="list-style-type: none"> <li>• Department of Finance</li> </ul>	<ul style="list-style-type: none"> <li>• Housing benefit claimants</li> <li>• Rates (Land and Property Services)</li> </ul>
<ul style="list-style-type: none"> <li>• Housing Associations</li> </ul>	<ul style="list-style-type: none"> <li>• Housing tenants</li> <li>• Right to buy</li> </ul>
<ul style="list-style-type: none"> <li>• Department for Infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>• Blue badges</li> <li>• Taxi driver licences</li> </ul>
<ul style="list-style-type: none"> <li>• Five area health and social care trusts</li> </ul>	<ul style="list-style-type: none"> <li>• Private supported care home residents</li> </ul>
<ul style="list-style-type: none"> <li>• Translink</li> </ul>	<ul style="list-style-type: none"> <li>• Concessionary Fares</li> </ul>
<ul style="list-style-type: none"> <li>• Electoral Office</li> </ul>	<ul style="list-style-type: none"> <li>• Electoral Register</li> </ul>