

April 12th, 2019

Notice Of Meeting

You are invited to attend the Audit Committee Meeting to be held on **Monday, 15th April 2019** at **3:00 pm** in the **Mourne Room, Downshire Civic Centre.**

The Members of the Committee are:-

Mr Joe Campbell (Independent Chairperson of Audit Committee)

Councillor Patrick Brown

Councillor Pete Byrne

Councillor Charlie Casey

Councillor Laura Devlin

Councillor William Clarke

Councillor Mark Murnin

Councillor Michael Ruane

Councillor Gareth Sharvin

Councillor Jarlath Tinnelly

Councillor Roisin Mulgrew

Agenda

1.0 Apologies and Chairperson's Remarks.

2.0 Declarations of Interest.

3.0 Action Sheet - Audit Committee Chairperson. (Copy attached)

 *Action Sheet - Audit Cmttee Jan 2019.pdf*

Page 1

4.0 Independent Chairperson of Audit Committee.

5.0 Audit Committee Terms of Reference. (Copy attached)

 *Item 5 Audit Committee TOR - Feb 2019.pdf*

Page 5

Corporate Services

6.0 Corporate Risk Register. (Copy attached)

 *Item 6 re Corporate Risk Register.docx*

Page 8

 *Item 6 app 1 Corporate Risk Register.pdf*

Page 10

 *Item 6 CRR Summary Sheet.xlsx*

Page 30

7.0 Prompt Payments (Copy attached)

 *Item 7 Prompt Payments - April 2019.docx*

Page 32

8.0 Fraud and Whistleblowing Update (Copy attached)

 *Item 8 Fraud and Whistleblowing Cover Sheet - April 2019.pdf*

Page 34


 *Item 8 App 1 - Fraud and WB Register 2018-19.pdf*

Page 36

9.0 Direct Award Contracts (Copy attached)

 *Item 9 Rpt re STA-DAC.docx*

Page 38

 *Item 9 re STAs to 31ST MARCH 2019.xlsx*

Page 39

10.0 Update on Audit Recommendations. (Copy attached)

 *Item 10 Update on Audit Recommendations - April 2019.pdf*

Page 40

11.0 Year-End Accounts update. (Copy attached)

Item 11 re Year end accounts update.docx

Page 50

Item 11 Timetable for Accounts Preparation.pdf

Page 52

NIAO (CLOSED SESSION)

12.0 NIAO Audit Strategy (Copy attached)

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 12 Audit Strategy 2018-19.pdf

Not included

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

13.0 ASM Summary/Progress Report (Copy attached)

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 13 NMDDC Summary report April 2019 to Audit Committee.pdf

Not included

14.0 ASM Annual Assurance Report (Copy attached)

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 14 201819 NMDDC Annual Assurance Report - Final.pdf

Not included

15.0 Validation of Performance Indicators (Copy attached)

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.

NMDDC Validation of performance indicators.pdf

Not included

16.0 Environmental Health (Copy attached)

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 16 re Environmental Health - Final.pdf*

Not included

17.0 Enterprise, Employment and Regeneration (Copy attached)


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 17 Enterprise employment and regeneration - final.pdf*

Not included

18.0 HR Management - Policies and Procedures (Copy attached)

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 18 re HR Policies and procedures - FINAL report.pdf*

Not included

19.0 Follow up of 2017-18 Recommendations (Copy attached)

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 19 201819 NMDDC Follow Up - final.pdf*

Not included

Circulars

20.0 LG07/2019 - Consolidated Councillor Allowances (Copy attached)

 *Item 20 re Circular LG 07 2019 Consolidated Councillor Allowances 6 3 19.pdf*

Page 53

21.0 DAO 03/2019 - Partnerships between Departments and Arms Length Bodies - NI Code of Practice. (Copy attached)

 *Item 21 Letter re partnerships between Departments and ALBs.pdf*

Page 57

22.0 LG 12/19 Accounts Direction for District Councils 2018/2019. (Copy attached)

Item 22 Letter re Circular LG 12-19 Accounts Direction for Local Councils 2018-2019.pdf

Page 79

Item 22 Annex A - Accounts Directions to Councils 2018-19.pdf

Page 81

Item 22 Annex B - Accounts Directions to Councils 2018-19.pdf

Page 86

23.0 LG 06/19 Declaration of Acceptance of Office. (Copy attached)

lg-06-2019-declaration-of-acceptance-of-office.pdf

Page 88

24.0 LG 13/19 Template for Councillors Allowance Return. (Copy attached)

Item 24 Letter re LG-circular-13-19-template-for-councillor-allowances-return-2018-19.pdf

Page 93

Item 24 councillor-allowances-return.xlsx

Page 95

25.0 DAO 04/2019 Annual Theft and Fraud Report. (Copy attached)

Item 25 - Letter re Annual Theft and Fraud Report.pdf

Page 100

Item 25 - Annual Theft and Fraud Report.pdf

Page 102

Invitees

Cllr Pete Byrne	pete.byrne@nmandd.org
Mr Gerard Byrne	gerard.byrne@nmandd.org
Mr Joe Campbell	josephb.campbell@outlook.com
Mrs Dorinnia Carville	dorinnia.carville@nmandd.org
Cllr charlie casey	charlie.casey@nmandd.org
Cllr William Clarke	william.clarke@nmandd.org
Cllr Laura Devlin	laura.devlin@nmandd.org
Ms Louise Dillon	louise.dillon@nmandd.org
Ms Colette Kane	colette.kane@niauditoffice.gov.uk
Mr Michael Lipsett	michael.lipsett@nmandd.org
Patricia McKeever	patricia.mckeever@nmandd.org
Cllr Andrew McMurray	andrew.mcmurray@nmandd.org
Mr Ken Montgomery	ken.montgomery@nmandd.org
Cllr Roisin Mulgrew	roisin.mulgrew@nmandd.org
Cllr Mark Murnin	mark.murnin@nmandd.org
Cllr Michael Ruane	michael.ruane@nmandd.org
Cllr Gareth Sharvin	gareth.sharvin@nmandd.org
Cllr Jarlath Tinnelly	jarlath.tinnelly@nmandd.org
Central Support Unit	central.support@nmandd.org
Mrs Marie Ward	marie.ward@nmandd.org

ACTION SHEET – AUDIT COMMITTEE MEETING**OUTSTANDING ISSUES FROM 11 JANUARY 2018**

Minute Ref	Subject	Decision	Lead Officer	Actions taken/ Progress to date	Remove from Action Sheet Y/N
AC/18/2018	Internal Audit Asset Summary Report	<ul style="list-style-type: none"> A status report on the Grants Database be brought back to Committee. 	D Carville/G Byrne	ITPG approved project mandate on 22.6.18. SPU have a consultant working on finalising the Financial Assistance policy. The Grants Database will be procured on the basis of this policy.	N

ACTION SHEET – AUDIT COMMITTEE MEETING**FROM 15 JANUARY 2019**

Minute Ref	Subject	Decision	Lead Officer	Actions taken/ Progress to date	Remove from Action Sheet Y/N

AC/03/2019	Action Sheet arising from Audit Committee Meeting held on Thursday 20 September 2018	It was agreed to note the action sheet and remove those actions marked for removal.	Democratic Services	Removed	Y
AC/04/2019	Audit Committee Self-Assessment	It was agreed to approve the Audit Committee Self-Assessment 2018/19		Agreed	Y
AC/05/2019	Annual Review of Chairperson's Performance	It was agreed to note the Assessment of the Chairperson's Performance		Agreed	Y
AC/06/2019	Corporate Risk Register	It was agreed to note the update provided to the Corporate Risk Register	D Carville	Agreed	Y
AC/07/2019	Fraud & Whistleblowing Update	It was agreed to note the Fraud and Whistleblowing Report	G Byrne	Agreed	Y
AC/08/2019	Direct Award Contracts	It was agreed to note the Direct Award Contract Register	G Byrne	Agreed	Y
AC/09/2019	Procurement Update	It was agreed to note the update on procurement.	K Montgomery	Agreed	Y
AC/10/2019	Update on Audit Recommendations	It was agreed to note the update on Audit Recommendations report.	G Byrne	Agreed	Y

AC/11/2019	Prompt Payments	It was agreed to note the Prompt Payment Statistics	K Montgomery	Agreed	Y
AC/12/2019	Draft Performance Improvement Objectives 2019-20	It was agreed to note the update on Draft Improvement Objectives 2019-20	J McGilly	Agreed	Y
AC/13/2019 AC/14/2019	Performance Improvement Policy & Mid-Year Progress Report of the Performance Improvement Plan 2018-19	It was agreed to note the updates on Performance Improvement Policy and Mid-Year Progress Report of the Performance Improvement Plan 2018-19.	J McGilly	Agreed	Y
AC/15/2019	NIAO Report to Those Charged with Governance 2017-18	It was agreed to note the contents of the NIAO Report to those Charged with Governance 2017-18		Agreed	Y
AC/16/2019	NIAO-Annual Audit Letter	It was agreed to note the Annual Audit Letter	D Carville	Agreed	Y
AC/17/2019	NIAO Improvement Audit and Assessment – Audit and Assessment Report and Action Plan	It was agreed to note the contents of the NIAO Improvement Audit and Assessment – Audit and Assessment Report and Action Plan	J McGilly	Agreed	Y
AC/18/2019	ASM Summary Progress Report	It was agreed to note the contents of the ASM Summary		Agreed	Y

		Progress Report together with the final Audit Reports and follow-up reviews contained within.			
AC/19/2019	Investigation into the Council's Procurement and Erection of the 'Big Screen' in Newry	This item was withdrawn from the agenda	D Carville	Agreed	Y
AC/20/2019	Corporate Risk Register – Appendices 3 and 4	It was agreed to note appendices relating to the Corporate Risk Register – Brexit Preparedness and Brexit Risk Register	D Carville	Agreed	Y
AC/21/2019	DAO (DoF 04/18) (19/11/2019) – Fraud Proofing Guidance	It was agreed to note the contents of the letter and report in relation to Fraud Proofing	G Byrne	Agreed	Y

AUDIT COMMITTEE

-TERMS OF REFERENCE-

Scope

1. The Audit Committee (“the Committee”) is a key component of Newry, Mourne and Down District Council’s corporate governance arrangements. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.
2. The purpose of the Committee is to provide independent assurance to those charged with governance on the adequacy of the risk management framework and the internal control environment. It provides independent review of the council’s governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

Responsibilities

Governance, risk and control

3. To review the council’s corporate governance arrangements against the good governance framework and consider annual governance reports and assurances.
4. To review the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal audit’s opinion on the overall adequacy and effectiveness of the council’s framework of governance, risk management and control.
5. To consider the council’s arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
6. To consider the council’s framework of assurance and ensure that it adequately addresses the risks and priorities of the council.
7. To monitor the effective development and operation of risk management in the council.
8. To approve the council’s risk management strategy and monitor progress in addressing risk-related issues reported to the Committee, including the corporate risk register and assurance information on the management of key corporate risks.
9. To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
10. To monitor the council’s fraud and whistleblowing policies and monitor the implementation of these policies, including the counter-fraud strategy, actions and resources.
11. To be advised of the Council’s structures, processes, systems and related arrangements for performance management.

Internal audit

12. To review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations.
13. To approve the risk-based internal audit plan, including internal audit’s resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.
14. To approve significant interim changes to the risk-based internal audit plan and resource requirements.
15. To make appropriate enquiries of both management and the Internal Auditor to determine if there are any inappropriate scope or resource limitations.
16. To consider the Internal Audit annual report.

17. To consider summaries of all internal audit reports on the Internal Audit plan.

External audit

18. To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.
19. To consider specific reports as agreed with the external auditor.

Financial reporting

20. To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the council.

Membership

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

Quorum

22. No business shall be transacted unless at least four (4) Members are present.

Chairperson

23. The Chairperson shall be the independent member of the Committee and they shall serve as Chairperson for the four year term of the Committee. The Head of Internal Audit and the representative from external audit will have free and confidential access to the Chair of the Committee.

Meetings

24. The frequency of the meetings will be driven by the scale and nature of the business with the Committee meeting at least four times per year to enable it to discharge its duties adequately and effectively. The Chair of the Audit Committee may convene additional meetings, as they deem necessary.
25. All meetings of the Committee will be governed by the Councils Standing Orders and the Northern Ireland Code of Conduct for Councillors.
26. The Chief Executive, Director of Corporate Services and the Audit Services Manager will attend all meetings. Internal and External Audit will also be in attendance. The committee may also ask any other officials of the Council to attend to assist it with its discussion on any particular matter.

Communication and Reporting

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

28. The Committee will report to those charged with governance on the committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements, and internal and external audit functions.
29. The minutes of the Committee will be reported at a meeting of Council by the Director of Corporate Services or, in their absence, by an alternative official (of Council).

Declarations of Interest

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

Report to:	Audit Committee
Date of Meeting:	15 April 2019
Subject:	Corporate Risk Register
Reporting Officer (Including Job Title):	Dorinnia Carville, Director of Corporate Services
Contact Officer (Including Job Title):	Dorinnia Carville, Director of Corporate Services

Confirm how this Report should be treated by placing an x in either:-

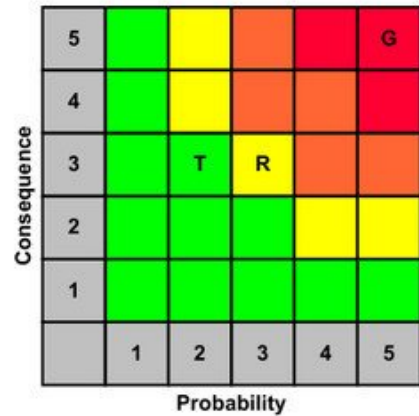
For decision	For noting only	x
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1.0	Purpose and Background:
1.1	SMT completed a thorough review of the Corporate Risk Register on the 2 nd April 2019.
2.0	Key issues:
2.1	<p>Numerous minor changes were made including new actions, updating the progress of actions and new detail included within certain risks. These can be evidenced on the Corporate Risk Register attached.</p> <p>The Audit Services Manager has arranged to update all 4 Directorate Risk Registers in April/May2019. Dates have been scheduled for all 4 Directorates (Directors and Assistant Directors will be responsible for assessing the risk level in there Directorate, and bringing forward any new or emerging risks).</p> <p>The year end Assurance Statements are now due in from all Assistant Directors, and Directors will have to provide the Chief Executive with their year end Directorate Assurance Statement prior to the 30 April 2019. This will help inform the Annual Governance Statement.</p>
3.0	Recommendations:
3.1	For consideration by the Audit Committee on a quarterly basis.
4.0	Resource implications
4.1	None.
5.0	Equality and good relations implications
5.1	This report has been equality screened to assess the likely impact on the promotion of equality of opportunity and good relations. No equality impact assessment is required at this time.
6.0	Rural Proofing implications
6.1	A rural needs impact assessment is not required at this time.
7.0	Appendices

	Appendix 1 - Corporate Risk Register Cover Sheet - April 2019 Appendix 2 - Corporate Risk Register - April 2019
8.0	Background Documents None

1. Corporate Risk Register NMDDC

Risk CR. 01 - Failure to deliver the capital investment programme for the District



Risk Categories Buildings / Engineering / Environment
Business operational/reputational
Financial

Risk Description Failure to adequately resource the capital programme
Failure to effectively manage capital contracts

Potential Root Cause Contractors on key projects failure to deliver on time and on budget
Consultant Collusion
Procurement failures
Absence of adherence to policies and resources
Lack of awareness in staff and managers
Lack of resources -Economic downturn / Recession
Brexit - Lack of match funding

Consequence Impact on service delivery
Financial impact - Loss of funding (i.e. SIF projects)
Legal challenge / Negative PR
Impact on quality/cost of projects

Risk Owners Dorinnia Carville; Michael Lipsett

Gross/Inherent Risk Red 25

Residual Risk Yellow 9

Target Risk Level Green 6

Last Review 02/04/2019

Next Review 30/06/2019

Risk Appetite Risk Averse

Objectives

1. Become on of the premier tourism destination on the island of Ireland
2. Attracted Investment and supported the creation of new jobs.
3. Supported improved health and wellbeing outcomes
5. Lead the regeneration of our urban and rural area
8. Transform and modernise the Council, providing accessible as well as value for money services

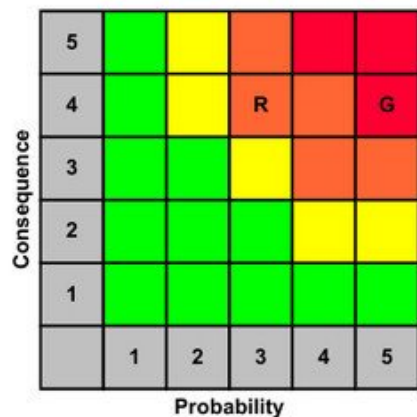
Key Controls Identified

1. Monthly review of spend against budget
2. Dedicated project management teams
3. Professionally qualified and experienced staff
4. monthly site progress meetings which are minuted
- 5 Project risk register in place for major projects - i.e. new leisure centres
6. Large projects are project managed by external consultants who report to the estates team.
7. Four year capital plan
8. Capital plan Annually approved at Council

Action Plans

	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Asset Management Strategy	To identify surplus assets to sell and use sale proceeds to assist funding in the capital programme.	In Progress	Dorinnia Carville	31/07/2019	In Progress - All surplus land assets have been identified, the list of surplus assets were brought to the SPWG on 14 January 2019 for members to make a decision on the future of these surplus assets. It was agreed to dispose of 17 surplus land assets and further research to be carried out on the remaining assets for alternative uses.
SIF Projects	Implement Sufficient cost and change control measures so projects are delivered within budget. The project board will continue to meet as and when required to update project risk register	In Progress	Michael Lipsett	31/07/2019	Risk registers now in place, one for each project The issues with the Kilcooley pitch have now been sorted by Ards Council. Business case now awaiting approval by the Executive Office and then planning permission will be sought. The tenders are being returned for the Ballyhornan site in April 2019. The chosen site in Downpatrick has unsuitable ground conditions and SIF have now decided that the site is not financially viable. This site no longer going ahead.

Risk CR. 02 - Breach of legislation in relation to the procurement



Risk Categories Financial
Impact on individuals (staff or public)
Quality of Service
Statutory Duty (Legal/Regulatory)

Risk Description Breach of legislation in relation to the procurement of goods and services and works

Potential Root Cause Lack of awareness of legislation
Lack of compliance to Council procurement policy
Lack of training of staff
Lack of a comprehensive policy for the new Council

Consequence Negative PR
Financial Loss to the Council
Litigation

Risk Owners Dorinnia Carville

Gross/Inherent Risk Red 20

Residual Risk Amber 12

Target Risk Level Yellow 8

Last Review 02/04/2019

Next Review 30/06/2019

Risk Appetite Risk Averse

Objectives

8. Transform and modernise the Council, providing accessible as well as value for money services

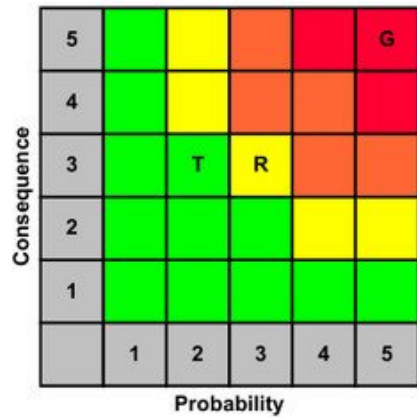
Key Controls Identified

1. Procurement team
2. Financial regulations and procurement policy in place
3. Use of regional and national frameworks
4. Specialist legal advice available
5. Single Tender Actions list

Action Plans

	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Contracts Register	Development of a Council contracts register, this should be maintained and reviewed by the procurement team.	Audit Recommendation	Ken Montgomery	30/06/2019	Currently legacy contracts are being analysed to see where contracts can be merged to achieve economies of scale. This is an ongoing process and a temporary resource is being brought in to complete this exercise in February 2019.
Further Procurement Training	Due to training being oversubscribed, a new procurement training schedule has been devised. Due to feedback from the previous sessions, the upcoming sessions will be more specific and target particular users.	In Progress	Ken Montgomery	30/04/2019	Director of Corporate services, AD of finance and Audit Services Manager met with HR to discuss the future sessions. It was agreed that there are going to be 6 different sessions: 1. Overview of the Procurement Policy; 2. Use of e-Hub and creating Purchase Orders; 3. How to obtain VFM for orders with a value of less than £5k; 4. RFQ process – Business Case and Specification; 5. ITT Process – Business Case and Specification; and 6. How to evaluate submissions. Training will commence in February 2019. These sessions will be delivered mainly in-house, will be practical where necessary and will last between 1-2 hours.

Risk CR. 03 - Non-compliance with legislative requirements



Risk Categories Business operational/reputational
Impact on individuals (staff or public)
Statutory Duty (Legal/Regulatory)

Risk Description Failure to have the necessary policies and procedures in place with staff adequately trained to comply with the necessary legislation.

Potential Root Cause Failure to understand legal requirements in relation to H&S & Information Management (GDPR)
Lack of resources
Untrained staff

Consequence Non-compliance leading to prosecution
Reputational Damage
Reduced trust and public confidence
Increased number of complaints and queries

Risk Owners Dorinnia Carville; Michael Lipsett; Roland Moore

Gross/Inherent Risk Red 25 **Last Review** 02/04/2019

Residual Risk Yellow 9 **Next Review** 30/06/2019

Target Risk Level Green 6 **Risk Appetite** Risk Averse

Objectives

- 3. Supported improved health and wellbeing outcomes
- 4. Protect our natural and built environment
- 8. Transform and modernise the Council, providing accessible as well as value for money services

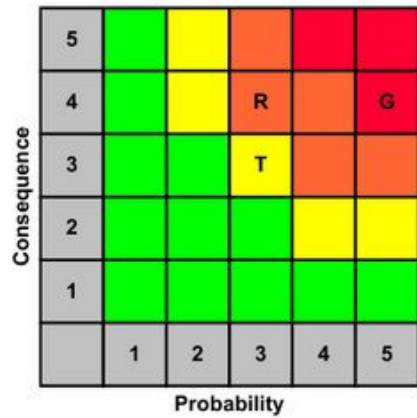
Key Controls Identified

- 1. Policies and procedures in place
- 2. Dedicated skilled teams in place for:
 - Health and Safety
 - HR
 - Legal (including info mgt)
- 3. Health and Safety Committees in place and ongoing programme of training in place

Action Plans

	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
General Data Protection Regulation (GDPR)	The GDPR will apply in the UK from 25 May 2018.	In Progress	Alison Robb	31/07/2019	Implementation of Data Audit Recommendations to ensure Council meets its obligations under GDPR will be processed in a phased approach. Year end actuals will be reported in the Corporate Services Annual Business Plan return. NMDDC draft policy & procedure on DP/FOI/EIR will be presented to SMT on 9 April, CMT, Committee and June Council for consideration/comment/approval. Provision of training for all staff on the E-Learning system is currently being rolled out, to be completed by 31/7/2019 Provision of training for all staff on data protection delivered in March 2019. Altogether 10 sessions were delivered in all sites.

Risk CR. 04 - Failure to effectively manage waste



Risk Categories Buildings / Engineering / Environment
Quality of Service
Statutory Duty (Legal/Regulatory)

Risk Description Failure to effectively manage waste

Potential Root Cause Insufficient resources
Market forces enable commercial operators to increase prices
Failure to plan effectively for future (including financial planning)
Historic contract arrangements which are not providing the Council with VFM
Potential loss of operators licence
Future changes to waste management arrangements

Consequence Reputational Issues
Lower customer satisfaction
impact on service delivery and lost productivity

Risk Owners Roland Moore

Gross/Inherent Risk Red 20

Residual Risk Amber 12

Target Risk Level Yellow 9

Last Review 02/04/2019

Next Review 30/06/2019

Risk Appetite Risk Averse

Objectives

- 1. Become on of the premier tourism destination on the island of Ireland
- 4. Protect our natural and built environment
- 8. Transform and modernise the Council, providing accessible as well as value for money services

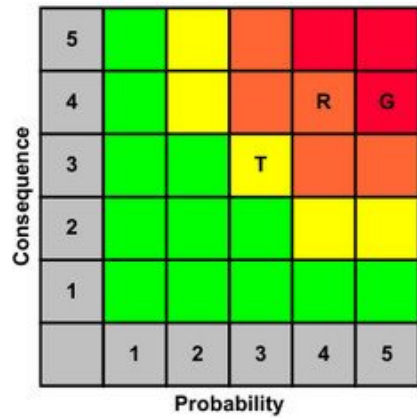
Key Controls Identified

- 1. Long term waste strategic plan in place
- 2. Partnership working with key stakeholders
- 3. Strategic waste group meets quarterly. Members include the RTS Director, AD of Waste plus councillors

Action Plans

	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Long term strategic plan	Implementation of long term strategic plan to ensure we manage our wastes to ensure statutory compliance.	In Progress	Roland Moore	31/03/2020	The LT strategic plan refers to the Councils 9 point plan. Each of these 9 points has a separate action and target date. This is to be reviewed as part of the waste management plan below.
Neighbourhood Services Transformation Project	The Neighbourhood Services Transformation project will aim to make efficiencies within NS while still maintaining the level of service.	In Progress	Roland Moore	30/06/2019	A project manager was appointed in January 2019. A project initiation document defining objectives of the programme. This is going to Neighbourhood Services Transformation Working Group in June 2019
Waste Management Action Plan	The waste management action plan is organised by ARC 21 on behalf of the 6 participating Councils. The Council will have to feed into and approve ARC 21s Waste Management Plan.	In Progress	Roland Moore	31/03/2020	ARC 21 waste management action plan is due to be updated (consultants have been appointed). Once this is finalised NMDDC will have to approve the Waste Management Action Plan.

Risk CR. 05 - Failure to provide timely planning decisions



Risk Categories Business operational/reputational
Financial

Risk Description Failure to provide timely planning decisions

Potential Root Cause Significant back log in planning decisions inherited from DoE
Ineffective and/or inadequate resources
Insufficient capacity building for members
Cultural inertia
Ineffective technology - EPIC system changes

Consequence Litigation
Reputational issues
Lower Customer satisfaction
Impact on service delivery and lost productivity
Financial implications resulting in budget constraints

Risk Owners Marie Ward

Gross/Inherent Risk Red 20

Residual Risk Amber 16

Target Risk Level Yellow 9

Last Review 02/04/2019

Next Review 30/06/2019

Risk Appetite Risk Averse

Objectives

1. Become on of the premier tourism destination on the island of Ireland
2. Attracted Investment and supported the creation of new jobs.
4. Protect our natural and built enviornment
5. Lead the regeneration of our urban and rural area
8. Transform and modernise the Council, providing accessible as well as value for money services

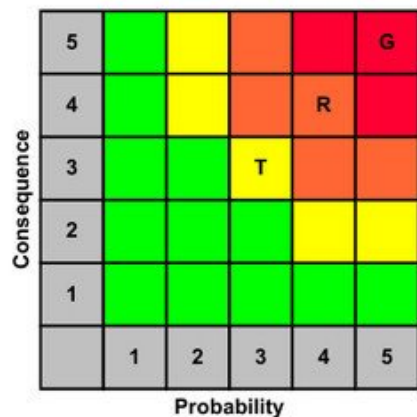
Key Controls Identified

1. Dedicated Planning Committee in operation
2. Programme in place to build officer and member capacity
3. Action plan in place to reduce backlog
4. Ongoing training for officers and members
5. Increase in numbers in the enforcement team

Action Plans

	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Backlog cases	Implement action plan to reduce backlog in line with timeframe set	In Progress	Anthony Mckay	31/12/2019	The number of live applications at end of March 2019 was 1100. The target of 750 live applications remains. Recruitment to fill staff vacancies has been concluded. Filling of vacancies will give renewed momentum to action plan to reduce number of live applications.
Delivery of a new Development Plan	To progress the local development plan in line with agreed timetable.	In Progress	Anthony Mckay	30/09/2019	The Council has concluded Stage 1 of the process with production of, and consultation on, the Preferred Options Paper. Work has commenced on Stage 2 The Plan Strategy, to be concluded by the end of 2020. A revised timetable has been agreed by Council and is with Dfl for confirmation.
IT	Upgrade of technical IT infrastructure (EPIC Replacement)	In Progress	Anthony Mckay	30/09/2019	Council has agreed to the procurement of a replacement planning computer system, in a joint arrangement with the other 10 Councils and Dfl.

Risk CR. 06 - IT Services do not support the Statutory, Strategic or Operational requirements of Council



Risk Categories Business operational/reputational
Impact on individuals (staff or public)
Quality of Service

Risk Description Failure to provide an effective IT Service
Failure to respond to and recover from a major incident within, or impacting upon, the Council
Failure to predict service requirements

Potential Root Cause Resistance to change both internally and externally
Lack of resources for new IT system / network
Lack of staff with specialist expertise
IT systems not being secure - Council could have systems hacked

Consequence Resources not used effectively
Poor service delivery
IT system becoming obsolete
Loss of sensitive data
Service downtime

Risk Owners Dorinnia Carville

Gross/Inherent Risk Red 25

Residual Risk Amber 16

Target Risk Level Yellow 9

Last Review 02/04/2019

Next Review 30/06/2019

Risk Appetite Risk Averse

Objectives

8. Transform and modernise the Council, providing accessible as well as value for money services

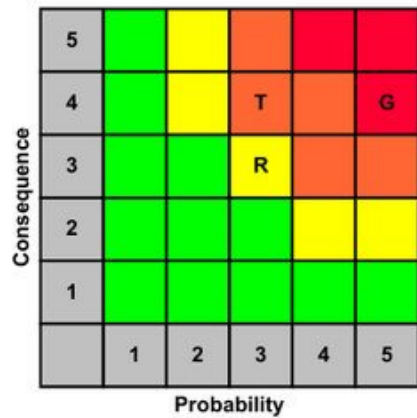
Key Controls Identified

1. IT Strategy now in place
2. Clustered and/or replicated server and storage architecture
3. off site back ups
4. Business Continuity Plans
5. IT project Boards in operation
6. Leisure Services System introduced

Action Plans

	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
IT Disaster Recovery/Business Continuity Plans	Identify and address gaps in IT Disaster Recovery/Business Continuity Plans and Increase resilience of legacy IT systems until IT Strategy is fully implemented- Recommendation coming from 2017/18 internal audit plus controls which IT section want implemented.	In Progress	Gavin Ringland	30/11/2019	A number of audits and assessments have taken place, with actions ongoing to address recommendations. 50% of Disaster recovery recommendations have now been implemented, and IT Departments working through the remaining actions. Emails now being stored on the cloud which was the most significant action.
IT Strategy (1)	In order to implement the Councils IT strategy, Council have to procure and implement the infrastructure projects in order to stabilise the IT platform.	In Progress	Gavin Ringland	31/07/2019	1. WAN/LAN at implementation phase. Expected completion date 31 July 2019.
IT Strategy (2)	Procure and implement the 'fundamental' transformation program identified as a priority	In Progress	Gavin Ringland	31/08/2019	Email/Fixed Telephony at implementation stage. Expected completion for E-mail is 31 May 2019, telephony is 31 August 2019 (contractor dispute holding this back).
IT Strategy 3	Council Wifi Project to be implemented	In Progress	Gavin Ringland	31/08/2019	Contract awarded in April 2019. Supplier was procured as a framework for NI Local Councils. WIFI installation is dependent on the completion of the telephony system.

Risk CR. 07 - Failure to develop a transformational programme of organisational change that addresses Local Government Reform and delivers efficiencies and improvement



Risk Categories
 Business operational/reputational
 Financial
 Impact on individuals (staff or public)
 Quality of Service

Risk Description
 Failure to develop a transformational programme of organisational change that addresses Local Government Reform and delivers efficiencies and improvement, as well as supporting the realisation of the strategic outcomes of the Community and Corporate Plans.

Potential Root Cause
 - The requirement to transform the Council is a direct consequence of the merger of the two predecessor Councils arising from LGR and will support the realisation of organisational improvement and efficiencies.
 -The Council has not defined the business changes it wants from transformation to support investment in new IT and the resolution of fundamental business differences arising from legacy arrangements (i.e. T&Cs)
 - Corporate efficiency projects and other improvement activities are not currently joined-up with wider transformational activity
 - The Council is currently unable to track the realisation of benefits (financial or non-financial) arising from investment in new IT systems (i.e. Legend)
 - A lack of corporate capacity currently exists to support transformational activity

Consequence
 - We are not fundamentally addressing the merger (aka LGR) leading to reputational damage
 - The budget situation will continue to get worse (salaries & wages) therefore not providing VFM
 - Our ability to provide citizens / customers with the services they require will be significantly constrained
 - We will potentially lag behind other Councils & other public sector organisations

Risk Owners Liam Hannaway

Gross/Inherent Risk Red 20

Residual Risk Yellow 9

Target Risk Level Amber 12

Last Review 02/04/2019

Next Review 30/06/2019

Risk Appetite Risk Neutral

Objectives

8. Transform and modernise the Council, providing accessible as well as value for money services

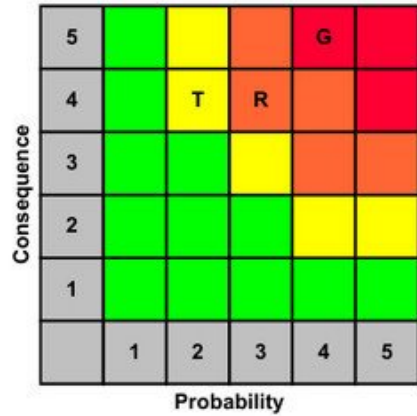
Key Controls Identified

CMT have been tasked with delivering transformational activities
 IT Project Group in place and meets monthly
 SMT will have an oversight of all transformational activities
 Specialist independent IT consultants have been tasked with implementing the IT strategy
 ToM document produced and approved by SMT

Action Plans

	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Develop and implement controls for tracking the realisation of business benefits.	Develop and implement controls for tracking implementation and results	In Progress	Jonathan McGilly	30/11/2019	Working groups established for IT and NS projects.
Develop, Plan and implement a programme of transformational (business and IT) change that aligns all improvement / Effic	Develop, Plan and implement a programme of transformational (business and IT) change that aligns all improvement / Efficiency activity across the Council.	In Progress	Jonathan McGilly	30/06/2019	Working groups report to CMT and SMT. Target Operating Model being revised.
Embedding Organisational Design	Complete tier 5 organisation	In Progress		31/07/2019	In Progress

Risk CR. 08 - Failure to adequately react to a major incident which would minimise any negative consequences/impact



Risk Categories Buildings / Engineering / Environment
Business operational/reputational
Impact on individuals (staff or public)
Statutory Duty (Legal/Regulatory)

Risk Description In the event of a disaster or an emergency, the Council may not respond in a way which minimises any negative consequences/impact

Potential Root Cause Natural disasters, Localised flooding, Harbour disasters, Fire
Significant IT failure
Inadequate preparedness to be able to respond in the event of an emergency

Consequence Reputational damage through inadequate civic leadership to provide adequate community emergency support
Loss of income
Litigation - civil/criminal
increased insurance premiums

Risk Owners Dorinnia Carville

Gross/Inherent Risk Red 20

Residual Risk Amber 12

Target Risk Level Yellow 8

Last Review 02/04/2019

Next Review 30/06/2019

Risk Appetite Risk Averse

Objectives

- 3. Supported improved health and wellbeing outcomes
- 4. Protect our natural and built environment
- 6. Advocate on your behalf specifically in relation to those issues which matter to you

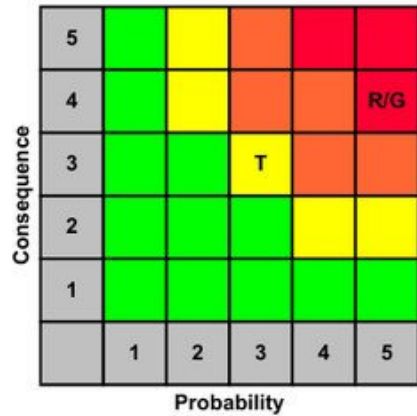
Key Controls Identified

- 1. Business Continuity Plan in place
- 2. Emergency planning measures in place, including:
-Flood risk plan
-Inter-agency group
- 3. Dedicated Emergency Planning team and professionally trained and experienced staff
- 4. Member of Southern Region Emergency Planning Group
- 5. Annual Winter resilience plan in place
- 6. New regional local government regional model

Action Plans

	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Drills/testing of plans on a regular basis	Drills/testing of plans on a regular basis	In Progress	Dorinnia Carville	31/07/2019	ongoing - recent severe weather incidents provided assurance of the adequacy of procedures. Steps taken to enhance/learn from experiences on an ongoing basis.

Risk CR. 09 - Failure to implement an economic development programme to regenerate the district and attract inward investment due to financial uncertainties caused by the current economic and political climate



Risk Categories Impact on individuals (staff or public)
Quality of Service

Risk Description Failure to implement an economic development programme to regenerate the district and attract inward investment due to financial uncertainties caused by the current economic and political climate

Potential Root Cause Failure to engage stakeholders (public and private sector)
Lack of resources
Reduction in rates income
Economic downturn and economic uncertainty
Impact of Brexit on funding
Permanent Secretaries not able to make decisions in absence of Minister
Impact of City Deals
Reduced funding from Central Government due to lack of a NI Executive
The fall and continuing weakness in sterling driving inflation expectations higher

Consequence Lack of investment and economic activity
Loss of confidence from the private sector
Negative PR
Poor service delivery

Risk Owners Liam Hannaway; Marie Ward

Gross/Inherent Risk Red 20

Residual Risk Red 20

Target Risk Level Yellow 9

Last Review 02/04/2019

Next Review 30/06/2019

Risk Appetite Risk Averse

Objectives

- 2. Attracted Investment and supported the creation of new jobs.
- 5. Lead the regeneration of our urban and rural area

Key Controls Identified

- 1. Economic development and investment strategy in place
- 2. Establishment of Economic Forum including public and private sector stakeholder
- 3. Rural Development Programme in place
- 4. Engagement with other Councils, other Departments, NILGA and the Private Sector through the Chamber of Commerce
- 5. Brexit Task and Finish Working Group Risk Matrix and Risk Register

Action Plans

	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Brexit	Continue to closely monitor effects of Brexit on on-going funding	In Progress	Liam Hannaway Jonathan McGilly	31/05/2019	Various initiatives ongoing including day one preparedness
City Deals	Actively engage in Belfast Region City Deals process planning	In Progress	Liam Hannaway	30/09/2019	Head of Terms have been signed. Governance Arrangements and Working groups being set up.

Risk CR. 10. Risk of industrial relations deteriorating as we go through a period of change which could potentially lead to industrial action and a disruption to services

Consequence	5					
	4		T		R	G
	3					
	2					
	1					
		1	2	3	4	5
		Probability				

Risk Categories	Business operational/reputational Financial Impact on individuals (staff or public) Quality of Service	
Risk Description	Risk of industrial relations deteriorating as we go through a period of change which could potentially lead to industrial action and a disruption to services	
Potential Root Cause	Culture changes between the two legacy councils Poor communication Lack of completed structure Resistance to change Lack of resources in certain areas – increase in grievance and appeals cases	
Consequence	Industrial action Reputational damage to the Council Low staff morale Increased sickness absence Poor service delivery and VFM	
Risk Owners	Dorinnia Carville; Liam Hannaway	
Gross/Inherent Risk	Red 20	Last Review 02/04/2019
Residual Risk	Amber 16	Next Review 30/06/2019
Target Risk Level	Yellow 8	Risk Appetite Risk Averse

Objectives

- 6. Advocate on your behalf specifically in relation to those issues which matter to you
- 8. Transform and modernise the Council, providing accessible as well as value for money services

Key Controls Identified

- 1. Working Group established for consultation on key people policies for the new organisation – being facilitated by LRA
- 2. Attendance Management and Grievance Procedures as well as constitution for Local Joint Consultative Committee
- 3. Chief Executive conducts regular f2f briefings & Regular employee bulletins
- 4. Negotiating Forum established between management and trade union sides (LCNF)
- 5. Other arrangements to assist with Attendance Management
- 6. Sickness absence reporting
- 7. Sickness Absence Reports

Action Plans

	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Absence Management	A single absence management to be developed to replace the five policies which are currently in place.	In Progress	Catrina Miskelly	30/09/2019	The Policy has been agreed with Trade Union, however further discussion is required regarding the implementation of procedures.
Labour Relation Agency	The Labour Relations Agency have been called in by Management to support effective industrial relations.	Completed	Dorinnia Carville	30/04/2019	SMT have met with LRA 3 times since the September Audit Committee. SMT and Trade unions have both agreed that LRA are no longer required.
Policy Alignment for NMDDC - phase 1	Adopt and implement phase 1 of the agreed new policies	In Progress	Catrina Miskelly	30/09/2019	Completed in June 2018 with the exception of absence management procedures.
Policy alignment for NMDDC - phase 2	Commence and implement phase 2 of HR policies	Proposed	Catrina Miskelly	30/11/2019	Phase 2 to commence in November 2019.

Risk CR. 11 Accidents/injuries may occur if health and safety of service users and staff is not considered, with a particular focus on Fire Risk Assessments

Consequence	5	T	R	G		
	4					
	3					
	2					
	1					
		1	2	3	4	5
		Probability				

Risk Categories Buildings / Engineering / Environment
Business operational/reputational
Impact on individuals (staff or public)
Statutory Duty (Legal/Regulatory)

Risk Description Accidents/injuries may occur if health and safety of service users and staff is not considered, with a particular focus on fire risk assessments and their associated actions

Potential Root Cause Lack of H&S Planning
Training inadequacies
Lack of responsibility - public negligence
Unforeseen event
Absence of or ineffective operational procedures / policies / systems or processes
Fire Risk Assessments of Council Buildings not be undertaken
Actions from Fire Risk Assessments not being implemented

Consequence injury/death to staff or public
Damage to Council reputation
Loss of income
Personal liability/Corporate Manslaughter
Litigation - Civil/Criminal
Increased insurance premiums

Risk Owners Dorinnia Carville

Gross/Inherent Risk Red 20 **Last Review** 02/04/2019

Residual Risk Amber 15 **Next Review** 30/06/2019

Target Risk Level Yellow 10 **Risk Appetite** Risk Averse

Objectives

8. Transform and modernise the Council, providing accessible as well as value for money services

Key Controls Identified

- Compliance reporting to SMT and H&S Committees
- Corporate H&S Policy
- Dedicated H&S unit
- H&S induction for all new starts
- H&S training needs assessments and training delivery

Action Plans

	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Actions from Fire Risk Assessment Audits	The actions from the Fire Risk Assessments which have been completed need to be actioned as soon as possible for all Council properties by the Facilities Management and Maintenance Department.	In Progress	Kevin Scullion	11/04/2019	On the 10 January 2019 at the Corporate H&S quarterly meeting it was agreed that a team would be established to identify who is responsible for actioning the recommendations from the fire risk assessments (i.e. either building managers or the building maintenance team). A report will be brought back to the April meeting and then recommendations will be actioned.
Fire Risk Assessment Audit	Estates are due to complete an audit of Fire Risk Assessments which have been completed.	In Progress	Conor Mallon	30/06/2019	Estates have began the process, however there was limited evidence of recommendations being actioned successfully. This will be completed once the report is brought to the April H&S committee and actions are progressed.
Fire Risk Assessment Pro Forma	A fire risk assessment pro forma has been developed by the Head of Building Maintenance. This has been sent out to all facilities manager for them to complete. Facilities Managers have to note which of the FRA recommendations they need building maintenance to action.	In Progress	Kevin Scullion	30/06/2019	Once returns are received from facility managers, building maintenance will need to action the FRA recommendations as soon as possible and update the pro forma to note which actions have been fully implemented.
Health and Safety Policy	Review of the current Health and Safety Policy to ensure it complies with best practice and it is fit for purpose.	In Progress	Conor Mallon	30/09/2019	The H&S policy will be updated and a new H&S management system will be procured.

NMDDC - Corporate Risk Register Cover Sheet

Risk	Description	Risk Owner/s	Gross Risk Score	Previous Residual Risk Score	Revised Residual Risk Score	Reason for change in Residual Score
CR01	Failure to deliver the capital investment programme for the District	Dorinnia Carville and Michael Lipsett	25	9	9	no change
CR02	Breach of legislation in relation to the procurement	Dorinnia Carville	20	12	12	no change
CR03	Non-compliance with legislative requirements	Michael Lipsett and Roland Moore	25	9	9	no change
CR04	Failure to effectively manage waste	Roland Moore	20	12	12	no change
CR05	Failure to provide timely planning decisions	Marie Ward	20	16	16	no change
CR06	IT Services do not support the Statutory, Strategic or Operational requirements of Council	Dorinnia Carville	25	16	16	no change
CR07	Failure to develop a transformational programme of organisational change that addresses Local Government Reform and delivers efficiencies and improvement	Liam Hannaway	20	9	9	no change
CR08	Failure to adequately react to a major incident which would minimise any negative consequences/impact	Dorinnia Carville	20	12	12	no change
CR09	Failure to implement an economic development programme to regenerate the district and attract inward investment due to financial uncertainties caused by the current economic and political climate	Liam Hannaway and Marie Ward	20	20	20	no change
CR10	Risk of industrial relations deteriorating as we go through a period of change which could potentially lead to industrial action and a disruption to services	Liam Hannaway and Dorinnia Carville	20	16	16	no change
CR11	Accidents/injuries may occur if health and safety of service users and staff is not considered, with a particular focus on Fire Risk Assessments	Dorinnia Carville	20	15	15	no change

Risk Assessment Matrix		PROBABILITY					
		Score	Rare	Unlikely	Possible	Likely	V Likely
		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

		Risk Type (with associated impact)						
		Impact on individual(s) – staff or public.	Statutory Duty.	Business / Operational	Buildings/ Environmental	Engineering/ Environmental	Quality of Service	Finance
Consequence	Score							
Fundamental	5	<ul style="list-style-type: none"> Death 	<ul style="list-style-type: none"> Multiple breach of statutory legislation and prosecution. 	<ul style="list-style-type: none"> Litigation = £500k expected. National Media interest. Severe loss of confidence and reputation 	<ul style="list-style-type: none"> Critical Environmental Impact. Service closed for unacceptable period. 	<ul style="list-style-type: none"> Severe impact on customer satisfaction. Gross failure to meet professional / national standards 	<ul style="list-style-type: none"> Significant financial impact (over 5% of total directorate budget) Theft / loss >£200k 	
Major	4	<ul style="list-style-type: none"> Major injury ill health (reportable) Major clinical intervention Permanent incapacity 	<ul style="list-style-type: none"> Multiple breach of statutory legislation and improvement notice issued. 	<ul style="list-style-type: none"> Litigation = £250k to +£500k expected. Adverse publicity Impact on reputation 	<ul style="list-style-type: none"> Major/significant environmental impact Severe disruption to service 	<ul style="list-style-type: none"> Major impact on customer satisfaction. Failure to meet professional / national standards 	<ul style="list-style-type: none"> Major financial impact (between 2% - 5% of total directorate budget) Theft / loss between £100k - £200k 	
Moderate	3	<ul style="list-style-type: none"> Temporary incapacity Short term monitoring Additional medical treatment up to 1 year 	<ul style="list-style-type: none"> Single breach of statutory legislation and improvement Notice issued. 	<ul style="list-style-type: none"> Litigation = £100k - ~£250k possible. Potential for adverse publicity avoidable with careful handling Potential to impact on reputation. 	<ul style="list-style-type: none"> Moderate environmental impact Moderate disruption to services 	<ul style="list-style-type: none"> Formal complaint expected. Failure to meet internal standard 	<ul style="list-style-type: none"> Moderate financial impact (between 1% and 2% of total directorate budget) Theft / loss between £50k - £100k 	
Minor	2	<ul style="list-style-type: none"> First Aid self treatment Minor injury Minor ill health up to 1 month Near miss (small cluster) 	<ul style="list-style-type: none"> Breach of statutory legislation. 	<ul style="list-style-type: none"> Litigation = £50k Impact on reputation – internal awareness. 	<ul style="list-style-type: none"> Localised environmental impact Disruption to service perceived as inconvenient. 	<ul style="list-style-type: none"> Possible complaint. Single failure to meet internal standard. 	<ul style="list-style-type: none"> Minor financial impact (up to 1% of total directorate budget) Theft / loss between £1 - £50k 	
Not significant	1	<ul style="list-style-type: none"> Near miss (single) No adverse outcome. No injury or ill health. 	<ul style="list-style-type: none"> Near breach of statutory legislation. Minor breach of guidance or legislation. 	<ul style="list-style-type: none"> Possible litigation due to settlement is ~£5k. 	<ul style="list-style-type: none"> Minimal impact to environment. Minimal disruption. 	<ul style="list-style-type: none"> Customer initially unhappy. Minor non-compliance with internal standard. 		

Likelihood of Event or Incident occurring		
Likelihood Descriptor	Score	Probability / Likelihood (of event or incident occurring over lifetime of Corporate Plan).
Almost Certain	5	<ul style="list-style-type: none"> The event is more likely than not to occur.
Likely	4	<ul style="list-style-type: none"> The event is likely to occur.
Possible	3	<ul style="list-style-type: none"> There is a reasonable chance of the event occurring.
Unlikely	2	<ul style="list-style-type: none"> The event is unlikely to occur.
Rare	1	<ul style="list-style-type: none"> The event will occur only in exceptional circumstances.

Report to:	Audit Committee
Date of Meeting:	15 April 2019
Subject:	Prompt Payment Statistics
Reporting Officer (Including Job Title):	Ken Montgomery, Assistant Director of Finance
Contact Officer (Including Job Title):	Ken Montgomery, Assistant Director of Finance

Confirm how this Report should be treated by placing an x in either:-

For decision	<input type="checkbox"/>	For noting only	<input checked="" type="checkbox"/>
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1.0	Purpose and Background:																				
1.1	<p>'Prompt payment' is the payment of valid supplier invoices within 10 working days by public bodies, as set in government targets.</p> <p>This dataset contains:</p> <ul style="list-style-type: none"> total amount paid by each Northern Ireland council to suppliers total number of invoices number of invoices paid within 10 working days number of invoices paid within 30 calendar days number of invoices paid outside 30 calendar days <p>The Stormont Executive's Prompt Payment Policy recommends that government departments should, "aim to pay 90% of valid invoices within 10 working days", with councils encouraged to match that.</p> <p>Adherence to the policy is not mandatory for councils, but in a letter issued to council chief executives in October 2013, the Department of Environment's Local Government Policy Division said that: "District councils are encouraged to pay suppliers as promptly as possible and to endeavour to meet the 10 day prompt payment commitment made by Northern Ireland Executive in response to the current economic position".</p>																				
2.0	Key issues:																				
2.1	<p>Please find below statistics for the final quarter of the 2018/19 financial year.</p> <p>1 January 2019 to 31 March 2019</p> <table border="1"> <thead> <tr> <th></th> <th>Paid within 10 Days</th> <th>Paid within 30 Days</th> <th>Paid outside payment period</th> <th>Total Invoices</th> </tr> </thead> <tbody> <tr> <td>Number of Invoices</td> <td>583</td> <td>4,387</td> <td>407</td> <td>4,794</td> </tr> <tr> <td>Percentage</td> <td>12%</td> <td>91.5%</td> <td>8.5%</td> <td>100%</td> </tr> <tr> <td>Value</td> <td>£1,597,108</td> <td>£13,274,969</td> <td>£723,894</td> <td>£13,998,8</td> </tr> </tbody> </table>		Paid within 10 Days	Paid within 30 Days	Paid outside payment period	Total Invoices	Number of Invoices	583	4,387	407	4,794	Percentage	12%	91.5%	8.5%	100%	Value	£1,597,108	£13,274,969	£723,894	£13,998,8
	Paid within 10 Days	Paid within 30 Days	Paid outside payment period	Total Invoices																	
Number of Invoices	583	4,387	407	4,794																	
Percentage	12%	91.5%	8.5%	100%																	
Value	£1,597,108	£13,274,969	£723,894	£13,998,8																	

					63
	Average number of days to pay suppliers - 20				
3.0	Recommendations:				
3.1	For noting by the Audit Committee				
4.0	Resource implications				
4.1	None				
5.0	Equality and good relations implications				
5.1	This report has been equality screened to assess the likely impact on the promotion of equality of opportunity and good relations. No equality impact assessment is required at this time.				
6.0	Rural Proofing implications				
6.1	A rural needs impact assessment is not required at this time.				
7.0	Appendices				
7.1	None				
8.0	Background Documents				
8.1	None				

Report to:	Audit Committee
Date of Meeting:	15 April 2019
Subject:	Fraud and Whistleblowing
Reporting Officer (Including Job Title):	Gerard Byrne, Audit Services Manager
Contact Officer (Including Job Title):	Gerard Byrne, Audit Services Manager

Confirm how this Report should be treated by placing an x in either:-

For decision	<input type="checkbox"/>	For noting only	<input checked="" type="checkbox"/>
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1.0	Purpose and Background:
1.1	<ul style="list-style-type: none"> To Notify the Audit Committee of any suspected Fraud and Whistleblowing cases since the last meeting until the 10 April 2019. To Notify the Audit Committee of any developments from previous Fraud and Whistleblowing Cases since the last meeting until 10 April 2019.
2.0	Key issues:
2.1	<ul style="list-style-type: none"> There have been three new cases since the last Audit Committee. The 2018/19 NFI exercise has commenced. Council uploaded the required data to Treasury in October 2018. The matches report has now been released. In total Council has 739 matches with 19 high priority (306 in 2016/17 with 26 high priority). All high priority matches will be reviewed and a 10% sample of the remaining matches in line with best practice. The results were in line with other Councils as NFI was discussed at a recent IAPG group. Audit Services Manager will work the Payroll, Accounts Payable and Procurement teams to complete the matches investigation work.
3.0	Recommendations:
3.1	Fraud and Whistleblowing cases for consideration by the Audit Committee on a quarterly basis.
4.0	Resource implications
4.1	None
5.0	Equality and good relations implications
5.1	This report has been equality screened to assess the likely impact on the promotion of equality of opportunity and good relations. No equality impact assessment is required at this time.
6.0	Rural Proofing implications
6.1	A rural needs impact assessment is not required at this time.
7.0	Appendices

	Appendix 1 – Summary Fraud and Whistleblowing register
8.0	Background Documents None

Summary Fraud/Whistleblowing Register – 2018/19 Financial Year

<i>Reference no.</i>	<i>Directorate</i>	<i>Sender / Notifier</i>	<i>Brief Summary</i>	<i>Latest update</i>	<i>Date Audit Services Manager was Informed</i>	<i>Date Audit Committee was informed</i>
F003	SPP	Staff Member from Corporate Services	Allegation that a Council Officer was falsifying documentation and not complying with the Councils Retention and Disposal Policy of information.	Investigation is now concluded. Report tabled before Special Audit Committee on the 15 th of February 2019. Case Closed.	22/02/2017	27/02/2017
WB 16	ERT	Anonymous letter to Councillors	Allegation that the members of the planning department acted favourably to an applicant.	Investigation underway.	20/06/2018	05/08/2018
WB 17	ERT	Member of the Public	Allegations into breaches of policy by planning officers	Investigation underway.	27/08/2018	20/09/2018
FW 20	AHC	Line manager evidenced discrepancies on timesheets	Agency staff worker was claiming hours that were not worked.	Internal investigation complete. Due to the value of the hours over claimed as per the internal investigation, the case and all subsequent evidence was passed to PSNI on the 17 December 2018. Council received a full refund from the Agency worker in March 2019. PSNI investigation ongoing for criminal proceedings. Internal controls have been strengthened as a result. Timesheet audit to take place in coming months with particular focus on leisure centres. Internal investigation closed.	20/11/2018	15/01/2019
FW 20	NS	External Supplier	A member of Council staff has been allegedly giving work to a relative and this supplier believes that the alleged conflict of interest is preventing them from getting work from NMDDC. Theft of Council	Investigation now concluded. There was no evidence of bias in giving work to selected suppliers and the allegation of theft was unsubstantiated. However, there was a number of training needs identified and these were communicated to the member of staff via line management to ensure proper procedures will be adhered to. Case Closed.	7/01/2019	15/01/2019

			property has also been alleged against the same Council employee.			
FW 21	CS & ERT	Anonymous letter to Chief Executive	2 separate allegations: 1. Conflict of interest in recruiting a member of staff within the Council. 2. Flawed selection process in recruiting a Head of Service.	Investigation now concluded. 1. No breach of HR procedures, Conflict of Interest managed appropriately. 2. No Breach of HR procedures, however one recommendation was made to strengthen HR Procedures. Response also forwarded to NIAO and LGSC as they were also copied into the original letter. Case closed.	7/01/2019	15/01/2019
FW 22	CS	Anonymous letter to Audit Services Manager	Allegation that Legacy Down staff were being awarded permanent jobs and that procedures were not being followed. Three members of staff mentioned.	Investigation now complete. Two members of staff were permanent well before the two Councils merged, and no issues were found with their respective recruitments. The final member of staff was appointed on the advice of the Councils Solicitors and followed the correct procedures. Case Closed	14/01/2019	15/04/2019
FW 23	NS	Member of the Public	Dangerous installation of LPG at a Housing Association property.	Assistant Director of Building Control confirmed that Building Control has no ongoing control or remit under the Building Regulations for the installation of Gas Appliances. However in the interest of safety for the residents, Building Control forwarded the concerns to the Housing Association and to HSENI. Case Closed.	11/02/2019	15/04/2019
FW 24	CS	Past Employee	Allegation of fraud by past employee over the handling of a Grievance Appeal.	Initial investigation was completed and this was completely independent of Council. The investigation concluded that there was insufficient grounds for a full fraud investigation. Case Closed.	15/01/2019	15/04/2019

Report to:	Audit Committee
Date of Meeting:	15 April 2019
Subject:	Direct Award Contract (DAC) Register
Reporting Officer (Including Job Title):	Gerard Byrne, Audit Services Manager
Contact Officer (Including Job Title):	David Barter, Procurement Manager

Confirm how this Report should be treated by placing an x in either:-

For decision	For noting only	x
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1.0	Purpose and Background:
1.1	<p>Direct Award Contracts (DAC's) or Single Tender Actions (STA's) occur when any partly or fully funded contract over £5k is awarded to a contractor/supplier without a competition, or where there is a material change to an existing contract.</p> <p>It is considered best practice to bring Direct Award Contracts to the attention of the Audit Committee.</p>
2.0	Key issues:
2.1	In the final quarter of the 2018-19 financial year, the Council awarded 19 contracts by way of Direct Award (with a value greater than £5k). The total value of these contracts was £306,623
3.0	Recommendations:
3.1	For noting by the Audit Committee.
4.0	Resource implications
4.1	None
5.0	Equality and good relations implications
5.1	This report has been equality screened to assess the likely impact on the promotion of equality of opportunity and good relations. No equality impact assessment is required at this time.
6.0	Rural Proofing implications
6.1	A rural needs impact assessment is not required at this time.
7.0	Appendices
	Appendix 1: STA Report - 4th Quarter 2018/19
8.0	Background Documents
	None

STA Report from 1 Apr 2018 - 31 March 2019

	Date	Product	STA Total Price	Reasoning Provided	Company	Requisitioner	PO Number	PO Total Price	Authoriser
	4th Qtr	January to March							
1	07.01.19	Hornbill Annual Subscription	£6,553.68	Software already in use. Annual licence cost - sole supplier.	Hornbill	Gavin Ringland	139044	£6,553.68	Dorinnia Carville
2	10.01.19	Cintra IQ Maintenance Newry & Downpatrick	£8,119.20	Software already in use. Annual licence cost - sole supplier.	Cintra	Gavin Ringland	139191	£8,119.20	Dorinnia Carville
3	16.01.19	Organisation & Oversight Services- St Patrick's Day 2019	£4,995.00	Unique artistic performance	RDS Ltd	Laura O'Neill	139501	£4,995.00	Marie Ward
4	15.01.19	GON Cleaning Services	£10,000.00	Contract Expired - Cleaning services still required.	G.O.N. Cleaning Services	Gail Kane	139522	£10,000.00	Roland Moore
5	18.01.19	Sherrie Scott for St Patrick's Day Parade 2019	£6,460.00	Unique artistic performance	Sherrie Scott	Laura O'Neill	139731	£6,460.00	Marie Ward
6	30.01.19	Polling Ballot Papers, Tendered Ballot Papers etc May Elections	£20,000.00	All 11 Councils are using same supplier. Only supplier with the required experience and was used in 2014.	Pierce Printellect	Liam Hannaway	140142	£20,000.00	Liam Hannaway
7	01.02.19	Upgrade of existing GIS server software	£7,107.50	Software already in use. Annual licence cost - sole supplier.	ESRI Ireland	Laura McMenamy	140341	£7,107.50	Jonathan McGilly
8	30.01.19	Annual Recurring Support and Maintenance of TMS Time and Attendance System	£14,656.01	Software already in use. Annual licence cost - sole supplier.	Advance Systems Ireland	Gavin Ringland	140394	£14,656.01	Dorinnia Carville
9	05.02.19	Replacement of 8no. Bollards with uploaders at NLC front entrance	£5,845.55	H&S risk - work needed to be carried out immediately	Felix O'Hare	Arlene Barton	140634	£5,848.55	Michael Lipsett
10	08.02.19	Cross-border Brexit Conference	£5,000.00	Special one of project - Council funded part of the conference.	Newry Chamber of Commerce	Margaret Quinn	140734	£5,000.00	Marie Ward
11	08.02.19	Newry Chamber Music St Patrick's Day	£32,000.00	Unique artistic performance	Newry Chamber Music	Laura O'Neill	140761	£32,000.00	Marie Ward
12	14.02.19	UK & Ireland Pride Event	£60,000.00	Funding approved at ERT committee, to enable to host the UK and Ireland Pride Event.	Newry Rainbow Community	Donna Mulholland	140877	£60,000.00	Marie Ward
13	11.02.19	Luxe - Floats & Performers St Patrick's Day Parade	£15,500.00	Unique artistic performance	Luxe Landscape Theatre	Laura O'Neill	141118	£15,500.00	Marie Ward
14	19.02.19	Public Convenience Service- Consultancy Support	£7,000.00	Independent expert advice on how to best use the £1.2m capital funding for public conveniences. It was thought this supplier had greatest expertise.	British Toilet Association	Kevin Scullion	141119	£7,000.00	Roland Moore
15	19.02.19	Saints & Scholars Concert Downpatrick	£5,000.00	Unique artistic performance	All Lives are Precious	Laura O'Neill	141153	£5,000.00	Marie Ward
16	01.03.19	Moving Floor Operator Panel KLC	£14,760.00	sole supplier - work could only be completed by initial supplier.	PPF Servicing Limited	John Davis	141718	£14,760.00	Michael Lipsett
17	05.03.19	Mourne Coastal Food & Drink FAM	£5,000.00	sole supplier	Food NI	Tracey Mooney	142032	£5,000.00	Marie Ward
18	12.03.19	Inflatable Events Space for Newry Revitalisation Area	£10,300.00	RFQ process completed twice without success. Chosen supplier met the specifications Council required.	Inflatable Structures Ltd	Margaret Quinn	142280	£10,300.00	Marie Ward
19	22.03.19	Dell PC's for Elected Members	£43,000.00	Due to price quote received. Could not be matched by other suppliers.	Dell	Gavin Ringland	142676	42,930.00	Dorinnia Carville

£306,622.94

Report to:	Audit Committee
Date of Meeting:	15 April 2019
Subject:	Update on Audit Recommendations
Reporting Officer (Including Job Title):	Gerard Byrne, Audit Services Manager
Contact Officer (Including Job Title):	Gerard Byrne, Audit Services Manager

Confirm how this Report should be treated by placing an x in either:-

For decision	For noting only	x
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1.0	Purpose and Background:																																																																											
1.1	<p>At the Audit Committee meeting of 27 April 2017, it was agreed that the Audit Committee would concentrate on monitoring internal audit recommendations which have been made since NMDDC has formed. Therefore the detail below relates to recommendations realised in the 2015-16 and the 2016-17 financial years.</p> <p>At the Audit Committee on the 26 September 2017, it was agreed that the Audit Committee would also review an update on NIAO recommendations.</p>																																																																											
2.0	Key issues:																																																																											
2.1	<p>The table below demonstrates a breakdown of the 2015/16 Audit Recommendations by priority rating and their status. This was tabled at the April 2017 Audit Committee.</p> <p>April 2017</p> <table border="1"> <thead> <tr> <th></th> <th>Fully Implemented</th> <th>Partially implemented</th> <th>Not implemented</th> <th>N/A</th> <th>Unable to test</th> <th>Not yet due for implementation</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Priority 1</td> <td>3</td> <td>3</td> <td>1</td> <td>1</td> <td>2</td> <td>1</td> <td>11</td> </tr> <tr> <td>Priority 2</td> <td>15</td> <td>5</td> <td>0</td> <td>1</td> <td>0</td> <td>0</td> <td>21</td> </tr> <tr> <td>Priority 3</td> <td>8</td> <td>1</td> <td>1</td> <td>0</td> <td>0</td> <td>0</td> <td>10</td> </tr> <tr> <td>Total</td> <td>26</td> <td>9</td> <td>2</td> <td>2</td> <td>2</td> <td>1</td> <td>42</td> </tr> </tbody> </table> <p>The table below demonstrates the progress made to April 2019.</p> <p>April 2019</p> <table border="1"> <thead> <tr> <th></th> <th>Fully Implemented</th> <th>Partially implemented</th> <th>Not implemented</th> <th>N/A</th> <th>Not yet due for implementation</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Priority 1</td> <td>5</td> <td>3</td> <td>0</td> <td>3</td> <td>0</td> <td>11</td> </tr> <tr> <td>Priority 2</td> <td>20</td> <td>0</td> <td>0</td> <td>1</td> <td>0</td> <td>21</td> </tr> <tr> <td>Priority 3</td> <td>9</td> <td>0</td> <td>0</td> <td>1</td> <td>0</td> <td>10</td> </tr> <tr> <td>Total</td> <td>34</td> <td>3</td> <td>0</td> <td>5</td> <td>0</td> <td>42</td> </tr> </tbody> </table>		Fully Implemented	Partially implemented	Not implemented	N/A	Unable to test	Not yet due for implementation	Total	Priority 1	3	3	1	1	2	1	11	Priority 2	15	5	0	1	0	0	21	Priority 3	8	1	1	0	0	0	10	Total	26	9	2	2	2	1	42		Fully Implemented	Partially implemented	Not implemented	N/A	Not yet due for implementation	Total	Priority 1	5	3	0	3	0	11	Priority 2	20	0	0	1	0	21	Priority 3	9	0	0	1	0	10	Total	34	3	0	5	0	42
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The table below demonstrates a breakdown of the 2016/17 Audit Recommendations by priority rating and their status. This was tabled at the April 2018 Audit Committee.

April 2018

	Fully Implemented	Partially implemented	Not implemented	Superseded	No longer Accepted	Total
Priority 1	0	1	0	0	0	1
Priority 2	6	14	7	0	0	27
Priority 3	20	7	4	1	3	35
Total	26	22	11	1	3	63

The table below demonstrates the progress made to April 2019.

April 2019

	Fully Implemented	Partially implemented	Not implemented	Superseded	No longer accepted	Total
Priority 1	0	1	0	0	0	1
Priority 2	11	10	3	1	0	25
Priority 3	21	8	4	1	3	37
Total	32	19	7	2	3	63

There is still a large number of 2016/17 recommendations outstanding. The Audit Services manager will be making SMT and CMT aware of the outstanding recommendations.

NIAO Recommendations

2016/17

	Fully Implemented	Partially implemented	Not implemented	N/A	Not yet due for implementation	Total
Priority 1	1	1				2
Priority 2	2	2				4
Total	3	3	0	0	0	6

2017/18

	Fully Implemented	Partially implemented	Not implemented	N/A	Not yet due for implementation	Total
Priority 1		1				1
Priority 2	2	1				3
Total	2	2	0	0	0	4

3.0	Recommendations:
3.1	Audit Committee members to note column headed 'Status at April 2019' as an indication of progress being made and actions being taken to address recommendations as noted by management.
4.0	Resource implications
4.1	A number of the recommendations contain significant resource implications, both officer time and, in some cases capital cost.
5.0	Equality and good relations implications
5.1	This report has been equality screened to assess the likely impact on the promotion of equality of opportunity and good relations. No equality impact assessment is required at this time.
6.0	Rural Proofing implications
6.1	A rural needs impact assessment is not required at this time.
7.0	Appendices
	Appendix 1: 2015/16 Follow up tracker Appendix 2: 2016/17 Follow up tracker Appendix 3: NIAO recommendations
8.0	Background Documents
	None

ASM REF	Recommendation	Priority	Management Comment	Status	Responsibility	Timeframe	At March 2017	Status at April 2019
	Rating							
A5	We recommend that the Working Group establishes a time bound action plan addressing the Council's responsibilities in respect of setting a policy for off street car parking, over the short, medium and longer term.	1	The Working Group will make initial proposals to the SMT, in terms of a time bound action plan.	Partially Implemented	Collie Jackson	Mar-16	Our review identified that while the Council did not develop a time bound action plan, we note that the Council signed a 3 year extension to the Agency Agreement with TransportNI, effective from 1 November 2016. In the short and medium term, the Council are therefore "locked" into these arrangements. In the longer term, a sub-committee of the working group has been established to take forward proposals for an exit strategy after the 3 year extension period, ending in October 2019.	PI - No LT can be developed until the Agency Agreement with TransportNI ceases in October 2022.
C4	We recommend that in addition to recommendation at A5 above, that once a decision is taken in respect of charging, that the Council's role, or support role, in enforcement is defined and agreed.	1	We are unlikely to be in a position to take this decision for some considerable time as the charging issues will be integral to our Economic Development and Tourism strategies.	Not Yet due for Implementation	Collie Jackson	Unknown, dependent on Economic Development & Tourism Strategies	Our review identified that the responsibility for enforcement remains with TransportNI until October 2019, at which point a decision will need to be taken by the Council in respect of charging, and the related need for enforcement.	PI - No LT can be developed until the Agency Agreement with TransportNI ceases in October 2022.
C4	We recommend that in addition to recommendation at A5 above, that once a decision is taken in respect of charging, that the Council's role, or support role, in enforcement is defined and agreed.	1	We are unlikely to be in a position to take this decision for some considerable time as the charging issues will be integral to our Economic Development and Tourism strategies.	Not Yet due for Implementation	Collie Jackson	Oct-19	Our review identified that the responsibility for enforcement remains with TransportNI until October 2019, at which point a decision will need to be taken by the Council in respect of charging, and the related need for enforcement.	PI - No LT can be developed until the Agency Agreement with TransportNI ceases in October 2022.

ASM
REF Recommendation Priority Management Comment Status Responsibility Timeframe At April 2018 At April 2019

Cash Handling Policy - May 2017

A5	We recommend that a Council wide policy in respect of expected cash handling processes be developed and implemented across each site. In the interim period, we recommend that those local procedures developed in relation to Newry Sports Centre be disseminated to staff at the site and in relation to Ballynahinch Community Centre be updated and circulated to staff at the site.	2	New Council wide policy will be drafted and implemented at all sites. Local procedures at Newry Sports Centre will be communicated to staff and current procedures at Ballynahinch will be updated.	Accepted	Ken Montgomery	Oct-17	Partially implemented Our review identified that while a Cash Handling Policy has been developed in December 2017, at the time of our review this policy had only been issued to staff at four sites.	Partially implemented
A7	We recommend that the Council review the petty cash procedures, dated February 2015, to ensure they continue to appropriate and issue these to each of the cash generating sites as soon as possible.	3	The petty cash procedures document will be updated and issued to each Council outstation.	Accepted	Ken Montgomery	Oct-17	Partially implemented Our review identified that new guidance on Petty Cash is now included in the new Cash Handling Policy but that at the time of our review this policy had only been issued to staff at four sites.	Partially implemented
C4	We recommend that the Council ensures that adequate insurance cover is in place for cash held at all cash generating sites including specifically Newry Leisure Centre, Newcastle Leisure Centre and Ballynahinch Community Centre.	3	Finance will clarify the insurance cover that is in place for each outstation that holds cash and that the cover is satisfactory.	Accepted	Ken Montgomery	Oct-17	Not implemented Our review identified that the Council's insurance policy does not specify cover for cash held at Newry Leisure Centre, Newcastle Leisure Centre or Ballynahinch Community Centre.	not implemented
D3	We recommend that management review the current arrangements at St. Colman's College to determine if more robust segregation of duties can be implemented.	3	Recommendation A5 involves the roll out of a Council wide cash handling procedure. Once implemented this recommendation will be achieved.	Accepted	Ken Montgomery	Oct-17	Not implemented Our review identified that the Cash Handling Policy sets out procedures for the segregation of duties but that the policy has not yet been issued to the St Colman's College site.	not implemented
E7	We recommend that the till in Ballynahinch Community Centre is cashed up and reconciled at the end of each shift.	3	Recommendation A5 involves the roll out of a Council wide cash handling procedure. Once implemented this recommendation will be achieved.	Accepted	Ken Montgomery	Oct-17	Partially implemented We selected a sample of 3 "cash up" sheets and identified that in each instance the till was reconciled at the end of the day (rather than the end of each shift). Furthermore, our review identified that the Cash Handling Policy, updated in December 2107, does not make reference to end of shift reconciliation procedures. We consider that the Cash Handling Policy could be further strengthened to include these end of shift procedures, which will be a more robust control where two or more Officers are involved in operating one till.	Partially implemented

Building Control - October 2016

A3	We recommend that the Council reviews the need for payments for building control applications received in Downpatrick having to go to the Administration Department.	3	Shall refer this recommendation to Administration and Finance for consideration and response.	Accepted	Ken Montgomery	Apr-17	Not implemented Our review identified that there is a Council wide reorganisation planned during 1 April 2018. It is expected that this will negate the need for payments for building control applications being received in Downpatrick having to go to the Administration Department.	Not implemented - This is dependent current admin review which is taking place
A4	We recommend that in the absence of a software solution, the Council reviews the time lines by which the Council's Finance Department notifies the Building Control Department of the clearance of payments and consider the impact of this on the Council's performance target.	3	This recommendation has already been identified and considered as part of the Council's IT Strategy.	Accepted	IT and Finance Manager	Nov-18	Partially implemented Our review identified that the Council are still pursuing a software solution for the processing of Building Control applications and that this has been included in the Council's IT Strategy.	partially implemented - Dependant on IT strategy
B3	We recommend that the Council establishes documented procedures to support the processing and enforcement of licences across the Council for: entertainment, amusement, marriage and petroleum licences.	2	Written procedure to be developed when the new Licensing function is established.	Accepted	Fintan Quinn	Jun-17	Partially implemented Our review identified that, currently, formal procedures have not yet been finalised, but procedures supporting the processing of all licences are expected to be effective from September 2018.	Fully implemented - licencing team and procedures now in place.
B5	We recommend that the Council reviews the current organisational structures responsible for licencing and consider the need to establish and staff a dedicated licencing unit.	3	Process has commenced and should be complete within 1 year.	Accepted	Collie Jackson	Oct-17	Partially implemented Our review identified that a dedicated licencing unit to operate in the Council has been approved by the Senior Management Team. However, at the time of reporting, a dedicated team has not yet been established and licencing is currently processed independently at both sites.	Fully implemented - licencing team in place from November 2018.

Fleet Management - January 2017

A3	We recommend that the Council establish a suitable process to identify when safety inspections are required to be completed on each vehicle and ensure that this process is	1	Review to take place to review suitability of existing recording system and schedules and to implement a standardised approach across Council.	Accepted	head of fleet	Jan-17	Partially implemented Our review identified that the Council have undertaken to standardise procedures in relation to identifying when safety inspections are done across the two legacy sites, with the development and maintenance of an appropriate spreadsheet by the Council's Fleet Managers. However, our review identified that the Downpatrick site staff are reluctant to move away from the use of the "whiteboard" system and that there is also considered to be an IT skills shortage at that site preventing staff from using the spreadsheet model. The Council's Head of Fleet will keep the impact of this under review.	Partially implemented
C5	We recommend that the Council considers and standardises its approach to reporting back to drivers in respect of reported driver hour infringements. We consider that repeat offenders should be monitored to ensure that the driver's and the public's health and safety is not compromised.	2	Review of best practice to implement new standardised "Driver Defect" reporting procedures and controls across the Council.	Accepted	head of fleet	May-17	Not implemented Our discussions with the Head of Fleet confirmed that, until the Council's Fleet Policy is approved and implemented, work on implementing a standardised practice across the Council has not been possible. Our review identified that an independent review of Fleet Management, by the Vehicle and Operator Service Agency ("VOSA") in November 2017, also identified a need for the Council to "put a driver's hours policy in place that covers all aspects of tachograph use, EU and domestic regulations".	Partially implemented - Driver Hours Operating Procedures document needs to be approved by the Strategic Policy and Resources Committee before it can be operationalised.
C7	We recommend that in respect of the Driver's Handbook, the Council could provide clarity to drivers: a) in respect of the expectations of what is to be completed as part of the vehicle checking review; and b) in respect of the definitions of what is considered a low/medium/high risk fault.	2	a) review of procedures as per B5 above; and b) definitions to be clarified within the Driver's Handbook.	Accepted	head of fleet	dec 17 / may 17	Not implemented Our review identified that the Driver's Handbook has not yet been updated. However, it is noted that this is now considered a priority in order to comply with recommendations also arising in the VOSA audit. Our review identified that the low/medium/high risk ratings are to be removed from the handbook as these are considered to be too subjective. A revised priority system is expected to be established.	not implemented
C8	We recommend that the Council consider the need to provide training on the expectations of drivers in respect of their responsibilities as set out in the Driver's Handbook.	3	Planned to be covered by future CPC training and ongoing "Tool-Box" talks.	Accepted	Head of Fleet	Aug-17	Not implemented Our review identified that training on the expectations of drivers in respect of their responsibilities as set out in the Driver's Handbook has not yet been provided.	not implemented
C3	Copies of the Fleet Management Policy, Strategy and Driver's Handbook to be made available on the Council's intranet site and an e-mail sent out to all staff to notify them of these documents with a direct link to relevant site.	3	Legacy Capita Report	Accepted	Head of Fleet	n/a	Partially implemented Our review identified that, while the Council's Intranet site is now operational, no fleet management documents have been uploaded to it. All drivers do however have access to the required documentation.	Partially implemented
C4	The Council should consider investment in computer based IT systems that will enhance security of Fleet data, eliminate multiple duplication demands which exist in current manual systems and provide real-time management cost information that will allow Management to make strategic investment plans and decisions to ensure the effectiveness of the Fleet. The consideration of the Vehicle Telemetry system may result in the required data enhancement in this area.	2	Legacy Capita Report	Accepted	Head of Fleet	n/a	Partially implemented Our review identified that, while a business case for a new Fleet Management IT system has been prepared, it has not yet been approved. We note that the need for investment in a Fleet Management IT system forms part of the Council's IT Strategy.	Partially implemented
C6	The Health and Safety Policy should be updated to refer specifically to Fleet Management Issues.	2	Legacy Capita Report	Accepted	Head of Fleet	n/a	Not implemented Our review identified that the Council's most up to date Health and Safety Policy continues to be that which was approved in February 2015, which does not specifically refer to fleet management issues.	not implemented

C10	Internal audit recommends that an additional central record of vehicle defects should be maintained to record details including registration, defect, Drivers daily Report Form numbers, date left in and date returned (i.e. the Council currently maintains an excel document which records the vehicles, the dates of the most recent and next schedule vehicle inspections, and the most recent and next scheduled service date). This could be maintained on an excel sheet or word document and should be a shared document accessible to all supervisors. This would assist in the tracking of all vehicles currently being repaired and assist with planning. A fleet management system should be considered, this will reduce the man hours spent on administrative work and avoid the dependencies on spreadsheets that can lead to errors.	2	Legacy Capita Report	Accepted	Head of Fleet	n/a	Not implemented Our review identified that the maintenance of such records is considered to be resource intensive. However, the actions arising from this recommendation continue to be considered as part of the proposed Fleet Management System (currently at business case stage).	not implemented
C16	A telemetry [tracking system] should be introduced in to all fleet, this will monitor staff driving, fuel inefficiencies, staff breaks, routes taken by drivers, the weight and speed of the vehicles. Monitoring of fleet vehicles will reduce inefficiencies and ensure that drivers are acting in accordance with the Councils procedures and policies.	2	Legacy Capita Report	Accepted	Head of Fleet	n/a	Partially implemented Our review identified that introduction of telemetry systems to all of the Council's fleet is being considered as part of the proposed Fleet Management System (which is at Business Case stage).	Partially implemented
Trade Waste Management - October 2016								
A5	We recommend that the Council develops a project plan to support the rationalisation of the Council's trade waste management service. We consider that the key elements of this project plan could include: a) key functions to change; b) clear timescales for action; and c) details of responsible officers.	2	As agreed at the Strategic Waste Working Group meeting on 23 August 2016, a detailed report, including options, alternatives, costs, benefits and operational considerations, in relation to dramatically changing the refuse collection service across the new district, in order to meet our 2020 landfill diversion and recycling targets is to be presented to the R&TS Committee for consideration, early in the new year. This report will include recommendations for rationalising the Trade Waste collection service.	Accepted	Joe Parkes	1-Apr-17	Partially implemented Our review identified that while a project plan to support the rationalisation of the Council's trade waste management service has been drafted for agreement by the responsible officers, we note that no agreement on those actions was undertaken at that time and no progress has been made on these at the time of writing. Our review identified that a revised project plan is expected to be formalised by June 2018.	Partially implemented
A6	We recommend that the Council develops a formal procedural guidance document to support the administration of the Council's trade waste management service. We consider that once approved, this procedure should be issued to all relevant staff.	2	Will be addressed as part of above mentioned work.	Accepted	Joe Parkes	1-Apr-17	Partially implemented Our review identified that work on the development of a formal procedural guidance document to support the administration of the Council's trade waste management service has commenced. We identified that the Council's Strategic Waste Working Group have met to discuss, and agree on, standardised procedures for the whole Council, but that a formal procedures manual has not yet been finalised.	Partially implemented
A7	We recommend that the frequency of trade waste collections be consistent across all of the Council.	3	Will be addressed as part of above mentioned work.	Accepted	Joe Parkes	1-Apr-17	Partially implemented Our review identified that while a consistent frequency of trade waste collections across the Council has been agreed, at the time of our review this has not yet been implemented. We note that this decision is documented in the Council's Waste Management Strategy and that the timeframe for full implementation is now expected to be September 2018.	Partially implemented
AB	We recommend that the Council reviews the rates currently applicable to both charities and caravan parks to ensure that they remain appropriate and to make these charges consistent across the Council.	3	Will be addressed as part of above mentioned work.	Accepted	Joe Parkes	1-Apr-17	Partially implemented Our review identified that the rates being charged to charities are now consistent across the Council and that these are supported by written guidelines. Our review further identified that the rates being charged to caravan parks have not yet been standardised across the Council. However, it is noted that after seeking legal advice, following a change in legislation regarding the collection and disposal costs at caravan parks, this standardised costing regime is expected to be implemented in Quarter 1, 2018/19.	Partially implemented

A9	We recommend that the Council considers the need to implement the use of collection stickers across all of the Council.	3	Will be addressed as part of above mentioned work.	Accepted	Joe Parkes	1-Apr-17	Partially implemented Our review identified that, while the use of collection stickers across all of the Council has been agreed, but at the time of our review they have not yet been implemented for trade waste operations from the Down site.	Partially implemented
B6	We recommend that management considers the costs and benefits to the Council of centrally managing the financial aspects of trade waste management through the Council's Finance department. As a result of any decision taken, we consider that management should clarify the expected duties of administrative officers with respect to trade waste management.	2	Completed financial aspects of trade waste will be handled by the Finance Department. Given the changes agreed as a result of the audit outcomes, the admin role in relation to Trade Waste will be reviewed, clarified and new processes/procedures will be introduced.	Accepted	Joe Parkes / Ken Montgomery	1-Apr-17	Partially implemented Our review identified that a decision has been taken to manage the financial aspects of trade waste management centrally through the Council's Finance Department. However, we note that a small number of tasks are still being carried out by the local offices. Our review further identified that a Council wide reorganisation programme is expected to be completed in the 2018/19 year and that it is expected that the duties of administrative officers, with respect to trade waste management, will be clarified as part of this exercise.	Partially implemented
B7	We recommend that the Council reconsiders the need to manually record income received outside of the Sun Finance System (i.e. in Kalamazoo or Excel ledgers) and records the receipt of income directly to the Sun Finance System at the time of receipt.	2	All income received will be receipted directly into the SUN financial system.	Accepted	Ken Montgomery	31-Dec-16	Partially implemented Our review identified that the Council continue to manually record some income received outside of the Sun Finance System, as omitting this process is not considered practicable. The Council has provided guidance to all customers to encourage direct debit payments or electronic payment options as the preferred payment source. We further identified that a review of the need to manually record income received outside of the Sun Finance System is ongoing, with the intention of electronically recording all receipts forming part of the Council's IT Strategy.	Partially implemented
B8	We recommend that the Council reviews the available payment options for trade waste customers and to consider the need to accept cash for trade waste services at the trade waste sites only.	3	All customers will be required to pay by direct debit, with cash and cheque payments to cease upon new pricing period.	Accepted	Joe Parkes	1-Apr-17	Partially implemented Our review identified that the Council have reviewed the available payment options and are now directing customers to pay for trade waste services by direct debit only. However, it is noted that some cash and cheque payments are still being accepted and further time will be needed to eliminate cash from the process.	Partially implemented

	Recommendation	Priority	Management Comment	Status	Responsibility	Timeframe	As At April 2019
2016/17 RTTCWG							
1	Procurement 1. The Council should undertake a comprehensive review of the application of procurement procedures. In particular, the Council should ensure that all applicable expenditure being incurred is supported by formal contracts / service level agreements. It should be ensured that expenditure currently being incurred meets the requirements of the procurement procedures e.g. ideally there should be no instances where payments are on-going but not necessarily supported by a formal contract or which breach council policy as not re-tendered. 2. The Council should consider adopting a rolling contracts register to monitor and evaluate contracts - consideration should be given as to whether this should be maintained centrally or at a Directorate level (and periodically forwarded to procurement manager for review). 3. Council should consider the current level of single tender actions in line with the procurement procedures to ensure every effort is made to seek quotes / tenders where necessary. 4. The Council should prioritise implementation of formal delegated authorities.	1	Accepted	Partially Implemented	Ken Montgomery	Jun-18	1. A revised Procurement policy along with a suite of new procedures and template documents was tabled at the December 2017 SMT and SP&R meetings. This was ratified by Council on the 8 January 2018. Training was rolled out to the relevant officers in June 2018 and also in February and March 2019. 2. A rolling contracts register is being developed and will be completed in the summer. 3. Training on the new procurement policy reinforced to staff the procedures to be adopted in respect of STAs. 4. Formal delegated authorities were approved by SMT on the 3 May 2017 and are now in operation.
2	Procurement Council should ensure that its procurement policy is fully followed and that tendering of goods / services takes place as required. Indeed expiry dates of all contracts should be known, so that re-tendering can take place before they are expired. Appropriate training of the e-hub should take place.	1	Accepted	Fully Implemented	Ken Montgomery	Apr-18	Similar to the point above. A new procurement policy is effective from mid January 2018. Training has been rolled out.
3	Waste Charges The Council should ensure that invoices are only authorised after being reviewed and checked against applicable supporting documentation. The Council should review other areas where costs are dictated by volumes and ensure that the appropriate costs are being incurred. The Council may wish to consider if any rationalisation of the recycling centres would be feasible.	2	Accepted	Fully Implemented	Ken Montgomery	Mar-18	A revised accounts payable policy will be introduced in December 2017 which will reinforce to staff that invoices are only authorised after being reviewed and checked against applicable supporting documentation and that checks are carried out where costs are dictated by volumes. Council considered this as part of the rates estimates process last year but there was no political appetite at that time. This is something the RTS directorate will keep under review.
4	Fixed Assets The Council should address the weaknesses in controls which gave rise to the observations identified above (we note from last year that the Council is committed to an asset survey being undertaken in 2017-18 and we will review the findings from this exercise during our 2017-18 audit). The large reconciling differences in Ram from legacy council balance sheets should be investigated with RAM adjusted as needed. The negative balances in assets under construction should be investigated with appropriate accounting entries processed as needed. Both headquarter buildings and the Strangford Road site should be included in the list of assets to be valued in the first set of rolling valuations.	2	Accepted	Partially Implemented	Ken Montgomery	Mar-18	The Asset Management Internal Audit report finalised in September 2017 raises many of the same issues. A fixed asset action log has been developed and all recommendations which haven't been actioned to date will be acted upon before the end of the financial year.
5	Management Accounts The Council should undertake a comprehensive review of its management accounts function to ensure it is meeting the expectations (of users) from having a satisfactory management accounts function in place. Following this review formal procedures governing the management accounts function should be put in place.	2	Partially Accepted	Fully Implemented	Ken Montgomery	Mar-18	Much of the recommendation was already in progress/ in place. A review of management accounts was undertaken and presented to the Audit Committee on the 8 December 2016.
6	Income We recommend Council consider the controls over income, particularly cash income. Consideration should be given to a bespoke 'box office' style package for ticket sales as it could record the ticket details along with the sales income and remove the duplication of information.	2	Accepted	Fully Implemented	Ken Montgomery	Jan-18	An Internal Audit report on cash handling in May 2017 recommended that the Council develops a Council wide Cash handling Policy. This will be completed in January 2018 and training rolled out to staff in cash handling positions. A new box office system has already been identified as part of the Councils IT Strategy with work to commence on scoping this in 2018.
2017/18 RTTCWG							
1	Fixed Assets NMD should address the weaknesses in controls which gave rise to the observations identified in our findings including.	1	Accepted	Partially implemented	Ken Montgomery	n/a	Accepted and partly implemented.

2	Procurement	<p>As recommended last year, the Council should undertake a comprehensive review of the application of procurement procedures. In particular, the Council should ensure all applicable expenditure being incurred is supported by formal contracts / service level agreements. We note (from Appendix 3) that Internal Audit are currently doing some work in this area and we will consider its findings when reported.</p> <p>Council should review their business systems in place to collate similar types of expenditure across various departments to ensure that there are proper arrangements in place to go out to tender as and when required. Council expenditure should be subject to current contract or similar agreement at all times. Council should maintain an up to date contract register.</p>	2	Accepted	Partially implemented	Ken Montgomery	n/a	<p>1. Work has been on-going over the last number of months to help strengthen the Councils controls in relation to procurement. The NMDDC Procurement Policy and Procedures was approved by the SP&R committee on the 14 December 2017 and subsequently ratified by Council on the 8 January 2018. The Policy was further updated in August 2018. As well as the Policy, a suite of procurement documents and templates were introduced including procedures for completing business cases and the associated business case templates. The revised policy and suite of documents received a satisfactory assurance rating from Internal Audit in April 2018. Training was delivered by a training expert in July 2018. Further training was rolled out in February March 2019.</p> <p>2. The Assistant Director of Finance has begun a review of significant spend within the Council which should be tendered on an aggregated basis. This is ongoing.</p> <p>3. The NMDDC Procurement Policy dictates that all Council expenditure should be subject to a contract or agreement. The training sessions mentioned above will make this clear to all staff.</p> <p>4. The Procurement Unit currently hold a record of all RFQs and ITTs which are awarded through the e- Hub system.</p>
3	Financial Assistance Scheme	<p>NMD should ensure that all organisations in receipt of funding from NMD are made aware of the applicable procurement procedures to be adhered to and that there is proper management of any conflicts of interest (actual or perceived). NMD should ensure bodies in receipt of grants are explicitly asked to disclose any and all real or perceived conflicts of interest, and to provide supporting documentation as to how this was managed.</p> <p>NMD Council should review the information provided by the sports club, to confirm that they have met all the procurement and tendering criteria set out in the Guidance note on Procurement and Tendering for use by selected entities identified for Capital Funding by the programs unit. If the sports club have not carried out the tendering process in line with the specified guidance, NMD council should seek to recoup grant monies paid to this body.</p>	2	Accepted	fully implemented	Janine Hillen	n/a	<p>NMDDC council recently procured a consultant to develop a comprehensive Financial Assistance Policy for the Council. This policy was presented to the AHC committee in March 2018 and will be operational in the coming months.</p> <p>Guidance on Conflicts of Interest was included in the new policy. Appropriate guidance will be provided to applicants.</p>
4	Unused Licences	<p>A business case should be carried out prior to entering into a contract that will tie the council into expenditure over such a long period. Guarantees should be received from other parties prior to NMD entering into a contract on behalf of other parties.</p>	2	Accepted	fully implemented	Ken Montgomery	n/a	<p>The Procurement Policy was ratified by Council in January 2018 also included a suite of documents. Included within these documents was a Business Case Procedure and templates. Training has been provided on business case requirement. Appropriate partnership agreements will be entered into in advance of any future contracts, if applicable.</p>

Report to:	Audit Committee
Date of Meeting:	15 April 2019
Subject:	Timetable for the completion of the Financial Statements for the year ended 31st March 2019
Reporting Officer (Including Job Title):	Gerard Byrne, Audit Services Manager
Contact Officer (Including Job Title):	Ken Montgomery, Assistant Director of Finance

Confirm how this Report should be treated by placing an x in either:-

For decision	For noting only	x
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1.0	Purpose and Background:
1.1	<p>One of the significant issues highlighted in the 2016/17 NIAO Report to Those Charged with Governance, was the quality of the Accounts presented for Audit. One of their recommendations was to have a detailed timetable which established clear line of responsibility for the accounts process together with a clear plan/timetable allocating responsibility for the completion of key tasks.</p> <p>We used this process for the 2017/18 Accounts and NIAO content with the quality of our accounts, therefore we have decided to follow on with the same procedure as last year.</p>
2.0	Key issues:
2.1	<p>Appendix 1 highlights the key milestones, when they are due to be completed and who is responsible for completing each task.</p> <p>A draft set of Accounts will be presented to the Audit Committee on the 3rd July 2019.</p>
3.0	Recommendations:
3.1	For noting by the Audit Committee.
4.0	Resource implications
4.1	Staff time in completing key tasks.
5.0	Equality and good relations implications
5.1	This report has been equality screened to assess the likely impact on the promotion of equality of opportunity and good relations. No equality impact assessment is required at this time.
6.0	Rural Proofing implications
6.1	A rural needs impact assessment is not required at this time.

7.0	Appendices
	Appendix 1: Timetable for accounts preparation 2018/19
8.0	Background Documents
	None

Timetable for Accounts Preparation – Period ending 31 March 2019

No.	Action	Officer	Completion Date
1	Attend TASS Event Re Accounts Closedown	DC, KM, BP, GB, CS & MM	12 th April 2019
2	Complete Proforma with Comparative Figures	KM, BP, MM & CS	12 th April 2019
3	Landfill Provision Review	DC, RM, JM & KM	19 April 2019
4	Gas Income Streams from Both Landfill Sites	DC, RM, JM & KM	19 April 2019
5	MRP Calculation	KM	19 April 2019
6	Assessment on whether Group Accounts are required	DC	30 th April 2019
7	Review of Accounting Policies	KM	30 th April 2019
8	General Power of Competence	DC	30 th April 2019
9	Draft Remuneration Report	DH	9 th May 2019
10	Revaluation Reports from LPSNI	MM	30 th May 2019
11	Draft Governance Statement	GB	4 th June 2019
12	Completion of Management Accounts	BP	4 th June 2019
13	Input Trial Balance to Proforma	BP	6 th June 2019
14	Finance Leases	MM	7 th June 2019
15	Fixed Asset Work (Calculate depreciation, additions and disposal)	MM	7 th June 2019
16	Completion of Notes	BP, MM, CS & KM	20 th June 2019
17	Review of first draft of Financial Statements	DC, GB	26 th June 2019
18	Draft subject to audit to Audit Committee	DC	3 rd July 2019

Chief Executive of each District Council
 Finance Officer of each District Council
 Other Interested Parties

Local Government and Housing
 Regulation Division
 Finance Branch
 Level 4
 Causeway Exchange
 1-7 Bedford Street
 BELFAST
 BT2 7EG
 Phone: 028 9082 3346
 email: Anthony.carleton@communities-ni.gov.uk

Our ref: CO1-19-1925

Circular LG 07/2019

6 March 2019

Dear Sir/Madam

**CONSOLIDATED COUNCILLOR ALLOWANCES CIRCULAR – UPDATED
 FEBRUARY 2019**

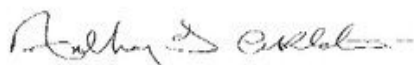
This Local Government Circular provides a consolidated record of all councillor allowances and from 1 April 2019 supersedes Local Government Circular 12/2018.

This consolidated circular is required to determine and reflect an increase in maximum rates for Dependants' Carers' Allowance from 1 April 2019.

All determinations are made by the Department under section 31 of the Local Government Finance Act (Northern Ireland) 2011 and the Local Government (Payments to Councillors) Regulations (Northern Ireland) 2012.

If you have any queries on the content of this circular please contact Jeff Glass on 028 9082 3375 or Ian Lewis on 028 9082 3506 or by email jeff.glass@communities-ni.gov.uk or ian.lewis@communities-ni.gov.uk.

Yours faithfully



ANTHONY CARLETON
 Director
 Local Government and Housing Regulation

1. Basic Allowance - valid from 1 April 2019

Basic Allowance	Maximum £15,071 per annum ≠
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≠ (The basic allowance includes an element for incidental and consumable costs incurred by councillors in their official capacity. In 2015/16 this element was £1,000 and each year this amount is uplifted in line with the increase applied to the basic allowance, therefore this element within the basic allowance is £1,061 from 1 April 2019.)

2. Dependants' Carers' Allowance – valid from 1 April 2019

The following table states the maximum rates for dependants' carers' allowance.

Dependants' Carers' Allowance	Hourly Rate	Maximum monthly amount
Standard	£8.21 [^]	£427
Specialist	£16.42	£854

[^](Based on national living wage for age 25+)

3. Travel Allowances – valid from 1 April 2017

The following table states the maximum rates for travel allowances.

Type of Vehicle	Rate per Mile
A pedal cycle	20.0p
A motor cycle (all engine capacities)	24.0p
A motor car of cylinder capacity exceeding 450cc but not exceeding 999cc	46.9p *13.7p

A motor car of cylinder capacity exceeding 999cc but not exceeding 1,199cc	52.2p *14.4p
A motor car of cylinder capacity exceeding 1,199cc	65.0p *16.4p
An electric car	45.0p **25.0p
Passenger rate (per passenger)	5.0p

* For mileage above 8,500 miles

**For mileage above 10,000 miles

4. Special Responsibility Allowance – valid from 1 April 2019

The following table states the maximum rate of Special Responsibility Allowance that a council may pay. The maximum rate is based on the size of the council population. Each council's population figures are updated each year by the Northern Ireland Statistics and Research Agency and it is the duty of each council to operate within the total maximum rate appropriate to its population band. For ease the maximum any councillor can receive, within each band, is also provided.

Population of council	Maximum Special Responsibility Allowance £	Maximum (1/5 th) for individual councillor £
Less than 120,000	53,066	10,613
120,000 to 199,000	74,292	14,858
200,000 +	114,622	22,924

5. Subsistence Allowances – valid from 1 April 2015

The following table states the maximum rates for subsistence; however, where councils believe it is necessary there is flexibility for councils to increase these rates by applying a suitable measure of price inflation.

PERIOD/MEAL	RATES £	
	British Isles	London
Accommodation allowance - An absence involving an overnight stay, away from the normal place of residence. This rate does not include any meal allowance.	100.70	122.45
Breakfast allowance - (more than 4 hours away from the normal place of residence or, where approved by the council, a lesser period before 11 am)	11.50	
Lunch allowance - (more than 4 hours away from the normal place of residence or, where approved by the council, a lesser period including the period between 12 noon and 2pm)	13.50	
Tea allowance - (more than 4 hours away from the normal place of residence or, where approved by the council, a lesser period including the period between 3pm and 6pm)	4.70	
Evening meal allowance - (more than 4 hours away from the normal place of residence or, where approved by the council, a lesser period ending after 7pm)	20.95	

Stuart Stevenson
Treasury Officer of Accounts

Public Spending Directorate
2nd Floor
Clare House
303 Airport Road
BELFAST BT3 9ED
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and joan.braniff@finance-ni.gov.uk



DAO (DoF) 03/19

19 March 2019

Dear Accounting Officer

**PARTNERSHIPS BETWEEN DEPARTMENTS AND ARM'S LENGTH BODIES: NI
CODE OF GOOD PRACTICE**

Purpose

1. This DAO letter is to advise of the publication of the ***Partnerships between Departments and Arm's Length Bodies: NI Code of Good Practice***, "the Code", which is attached separately and is also available on the Accountability and Financial Management section of the DoF website.

Background

2. NI Permanent Secretaries agreed that a fresh look needed to be taken at the relationship between departments and their sponsored bodies and the NICS Board gave approval for DoF to carry out a review of departmental sponsorship of ALBs.
3. This was informed, as a first step, by an Innovation Lab process which was held in January 2018 and was attended by representatives from key stakeholder groups. The Lab process led to the production of an Insight Report which captures the key issues and recommendations which attendees considered would be beneficial in improving the departmental ALB relationship.

4. The Code is the first product from a working group, established by DoF (Accountability and Financial Management Division) to provide oversight and direction to the work being taken forward in addressing a number of recommendations from the Insight Report. The working group consists of representatives from key stakeholder groups.

The Code

5. The Code which has been approved by NICS Board, aims to set out principles of good practice which can be applied to derive greater value from, and bring consistency to, relationships between departments and Arm's Length Bodies. The Code acknowledges that Partnerships will vary according to the purpose, size, structure and public interest in the body. However, whilst the exact nature of relationships will vary, all effective partnerships will be underpinned by common principles.
6. The Code contains five high level principles which are expected to act as a set of common standards for departments and their Arm's Length Bodies to live by and measure their relationships against. They are further underpinned by a number of standards.
7. Departments and Arm's Length Bodies should work together to develop constructive and effective partnerships taking account of the principles set out in this Code. However, within the principles, and in consultation with Arm's Length Bodies, it is for departments to determine the most appropriate model of partnership.

Action

8. This DAO should be brought to the attention of all relevant staff within your department and Arm's Length Bodies.

Queries

9. Any queries regarding this letter or the Code should be addressed to Julie.Sewell@finance-ni.gov.uk or myself (Stuart.Stevenson@finance-ni.gov.uk).

Yours sincerely

A handwritten signature in black ink, appearing to read "Stuart Stevenson", followed by a period.

STUART STEVENSON

cc Finance directors

Partnerships between Departments and Arm's Length Bodies:

NI Code of Good Practice



CONTENTS

ABOUT THIS CODE	1
THE FIVE PRINCIPLES	2
HOW THIS CODE SHOULD BE USED	4
SCOPE OF THE CODE	5
1. LEADERSHIP	7
2. PURPOSE	9
3. ASSURANCE	10
4. VALUE	12
5. ENGAGEMENT	13
ANNEX A. THE SEVEN PRINCIPLES OF PUBLIC LIFE	15

ABOUT THIS CODE

There are around 120 Arm's Length Bodies delivering public services in Northern Ireland, and they account for roughly 70% of the NI Executive's Departmental Expenditure Limit budget. The partnerships between these Arm's Length Bodies and departments are therefore critical to the delivery of high quality public services. For the system to work well and achieve good outcomes, those relationships must be based on trust, shared outcomes, transparency and clear lines of accountability and responsibility.

The Code aims to set out principles of good practice which can be applied to derive greater value from, and bring consistency to, relationships between departments and Arm's Length Bodies. Partnerships will vary according to the purpose, size, structure and public interest in the Body. However, whilst the exact nature of the relationship will vary, all effective partnerships will be underpinned by common principles: the purpose of the Arm's Length Body should be clear and well understood; there should be a proportionate approach to assurance; departments and Arm's Length Bodies should share skills and experience; and most importantly, partnerships should be based on open, honest and constructive working relationships.

There is "no one size fits all" to partnerships between departments and Arm's Length Bodies. Departments and Arm's Length Bodies should work together to develop constructive and effective partnerships taking account of the principles set out in this Code. However, within the principles, and in consultation with Arm's Length Bodies, it is for departments to determine the most appropriate model of partnership.

THE FIVE PRINCIPLES

The five common principles, and examples of what good practice looks like are set out below:

LEADERSHIP

Partnerships work well when departments and Arm's Length Bodies demonstrate good leadership to achieve a shared vision and effective delivery of public services. Strong leadership will provide inspiration, instil confidence and trust and empower their respective teams to deliver good outcomes for citizens.

PURPOSE

Partnerships work well when the purpose, objectives and roles of Arm's Length Bodies and the sponsor department are clear, mutually understood and reviewed on a regular basis. There needs to be absolute clarity about lines of accountability and responsibility between departments and Arm's Length Bodies. In exercising statutory functions Arm's Length Bodies need to have clarity about how their purpose and objectives align with those of departments.

ASSURANCE

Partnerships work well when departments adopt a proportionate approach to assurance, based on Arm's Length Bodies' purpose and a mutual understanding of risk. Arm's Length Bodies should have robust governance arrangements in place and in turn departments should give Arm's Length Bodies the autonomy to deliver effectively. Management information should be what is needed to enable departments and Arm's Length Bodies to provide assurance and assess performance.

VALUE

Partnerships work well when departments and Arm's Length Bodies share knowledge, skills and experience in order to enhance their impact and delivery. Arm's Length Bodies are able to contribute to policy making and departmental priorities. There is a focus on innovation, and on how departments and Arm's Length Bodies work together to deliver the most effective policies and services for its customers.

ENGAGEMENT

Partnerships work well when relationships between departments and Arm's Length Bodies are open, honest, constructive and based on trust. There is mutual understanding about each other's objectives and clear expectations about the terms of engagement.

THE FIVE PRINCIPLES

The five principles are interrelated, with good Engagement underpinning Leadership, Purpose, Assurance and Value. Adherence to the principles will ensure effective partnerships between departments and Arm's Length Bodies.



HOW THIS CODE SHOULD BE USED

The Code's principles are expected to act as a set of common standards for departments and Arm's Length Bodies to live by and measure their relationships against, on a continuing basis.

Departments and Arm's Length Bodies should use this Code of Good Practice to jointly assess how effective their partnerships are at regular intervals. For example, alignment with the Code's principles could be discussed at regular meetings between departments and Arm's Length Bodies, to assess the 'health' of their continuing relationship and pick up any concerns at an early stage. It should also form the basis for any partnership with a newly created Arm's Length Body. The principles can be formalised in framework documents/partnership agreements.

The five principles are underpinned by a number of standards. The standards draw on best practice from across government, and whilst they will not all be relevant to every partnership, they enable departments and Arm's Length Bodies to assess the extent to which they meet each principle.

SCOPE OF THE CODE

This Code applies to Arm's Length Bodies as defined in the Cabinet Office Classification Guide.¹ However, departments may choose to apply the principles and standards set out here in relation to other bodies where this is relevant. Arm's Length Bodies with subsidiaries may choose to do the same.

The Code complements documents such as Managing Public Money Northern Ireland², the Corporate governance in central government departments: code of good practice NI,³ and other relevant existing guidance in areas such as Conflicts of Interest, Whistleblowing etc.

The Code does not override any provisions governing relationships between departments and Arm's Length Bodies that might exist in statute, or other formal arrangements. In all cases, these existing provisions take primacy.

¹Cabinet Office, 'Classification of Public Bodies: information and guidance'.

²Department of Finance (formerly Department of Finance and Personnel), 'Managing Public Money Northern Ireland'.

³Department of Finance (formerly Department of Finance and Personnel), 'Corporate governance in central government departments: code of good practice NI'.

The code consists of:



1. LEADERSHIP



2. PURPOSE



3. ASSURANCE



4. VALUE



5. ENGAGEMENT

1. LEADERSHIP

PRINCIPLE

1.1

Partnerships work well when departments and Arm's Length Bodies adopt good leadership to achieve a shared vision and the effective delivery of public services. In taking this responsibility for effective leadership, departments and Arm's Length Bodies will provide inspiration, instil confidence and empower their respective teams to deliver good outcomes.

STANDARDS

1.2

Good leadership in departments and Arm's Length Bodies should help to create a culture for effective partnerships to work well across a diverse range of organisations. In acknowledging that 'no one size fits all' there are some core principles that should underpin all public sector organisations.

1.3

Departments and Arm's Length Bodies should carry out their business and account for their stewardship of public resources by striving to meet the seven principles of public life. These principles which are set out in full at Annex A are:

The seven principles of public life

1. Selflessness
2. Integrity
3. Objectivity
4. Accountability
5. Openness
6. Honesty
7. Leadership

Departments and Arm's Length Bodies should exhibit these behaviours, should actively promote and robustly support the principles and be willing to challenge behaviour which falls short of these standards wherever it occurs.

1.4

Departments and Arm's Length Bodies will lead to inspire by showing pride and passion for good public service, communicating purpose and direction with clarity and enthusiasm. The department and Arm's Length Body will value and model professional excellence and expertise, looking to applaud innovation and initiative while ensuring lessons are learned from what has not worked as well as what has.

1. LEADERSHIP

1.5

Departments and Arm's Length Bodies will lead through empowerment by giving teams the space and authority to deliver clearly set objectives in a timely manner. By being visible, approachable and welcoming challenge, however uncomfortable, the department and Arm's Length Body will invest in the capabilities of their people to be effective leaders in their respective fields. This will be achieved by championing diversity and external experience, recognising the value that brings to organisations and ultimately improved delivery of public services.

2. PURPOSE

PRINCIPLE

2.1

Partnerships work well when the purpose, objectives and roles of Arm's Length Bodies are clear, mutually understood and reviewed on a regular basis. There needs to be absolute clarity about lines of accountability between departments and Arm's Length Bodies. In exercising statutory functions Arm's Length Bodies need to have clarity about how their purpose and objectives align with those of departments.

STANDARDS

2.2

The purpose, objectives, accountabilities and responsibilities of the Arm's Length Body are mutually understood and clearly defined in relevant documentation, including departmental and Arm's Length Body plans, framework documents/partnership agreements and Accounting Officer appointment letters.

2.3

The framework document/partnership agreement is reviewed and updated regularly, and complies with Managing Public Money Northern Ireland.⁴

2.4

There is an agreed process for reviewing the framework document/partnership agreement. Reviews may be required following a significant change in government policy relating to the Arm's Length Body's business or as a result of a spending review. As a minimum, written agreements should be reviewed formally at least once every three years. The depth of reviews should be proportionate to the size and/or responsibilities of the Body concerned. All such reviews should be published.

2.5

Formal delegations have been established with the Arm's Length Body, including the Accounting Officer (if appropriate). In such cases the Arm's Length Body Accounting Officer understands the conditions of Managing Public Money Northern Ireland which he or she is accountable for.

2.6

There is a good strategic alignment between the purpose and objectives of the Arm's Length Body and the department. This is expressed in relevant documentation where appropriate.

⁴Department of Finance (formerly Department of Finance and Personnel), 'Managing Public Money Northern Ireland'.

3. ASSURANCE

PRINCIPLE

3.1

Partnerships work well when departments adopt a proportionate approach to assurance, based on Arm's Length Bodies' purpose and a mutual understanding of risk. Arm's Length Bodies have robust governance arrangements in place; departments give Arm's Length Bodies the autonomy to deliver effectively. Management information should be what is needed to enable departments and Arm's Length Bodies to provide assurance and assess performance.

STANDARDS

3.2

The department's approach to assurance is based on an effective assessment of the risk posed by the Arm's Length Body.

3.3

The department's approach to assurance has been agreed with the Arm's Length Body, and does not unreasonably overlap with existing governance arrangements in the body or blur the lines of accountability.

3.4

The departmental board and the departmental Audit and Risk Assurance Committee have an appropriate overview of operations of the Arm's Length Body, proportionate to its purpose, accountability, risk and independence.

3.5

The department and the Arm's Length Body have a shared understanding of the risks that may impact on each other, and reflect them appropriately in their respective risk registers.

3.6

The Accounting Officer of the Arm's Length Body has established governance arrangements which comply with Managing Public Money Northern Ireland.⁵ For example, this includes having appropriate policies for the identification and management of conflicts of interest, dealing with potential frauds and concerns raised through whistleblowing and the recording of gifts and hospitality. The Arm's Length Body has established sound financial governance arrangements which ensure that the organisation lives within its budget, whilst complying with the accepted standards of regularity, propriety and value for money.

3.7

The Arm's Length Body has effective scrutiny processes in place, including an effective Board, Audit and Risk Assurance Committee, Internal Audit function and transparency arrangements.

⁵Department of Finance (formerly Department of Finance and Personnel), 'Managing Public Money Northern Ireland'.

3. ASSURANCE

3.8

The department and the Arm's Length Body are assured that the Arm's Length Body has the capability to deliver effectively, and that both are assured that they have the appropriate skills to ensure an effective partnership.

3.9

The department and Arm's Length Body have access to the data they need to assess the body's performance and to drive forward improvements. Performance data and any targets set by Government will be published. Where appropriate, benchmarks are used to draw comparisons with other relevant sectors and organisations.

3.10

The Arm's Length Body and the department should agree what management and financial information will be required. Central government and the department are mindful of the need to avoid duplicate requests for the same information, and recognise the need to minimise reporting for Arm's Length Bodies. The Arm's Length Body should be clear about why the management and financial information is necessary and how it will be used.

4. VALUE

PRINCIPLE

4.1

Partnerships work well when departments and Arm's Length Bodies share knowledge, skills and experience in order to enhance their impact and deliver more effectively. Arm's Length Bodies are able to contribute to policy making and departmental priorities. There is a focus on innovation, and how departments and Arm's Length Bodies work together to deliver value for money.

STANDARDS

4.2

There is a regular exchange of skills and experience between the department and Arm's Length Bodies, different Arm's Length Bodies within the departmental group, as well as Arm's Length Bodies outside of the departmental group. This may include secondments/interchange opportunities, joint programme or project boards, and forums for staff from bodies and departments to learn from each other.

4.3

The department and Arm's Length Bodies within the departmental group, and Arm's Length Bodies outside of the departmental group (where relevant), work together in a targeted way on projects according to the expertise and experience required through a collaborative approach.

4.4

The department and the Arm's Length Body maximise the expertise and experience of their non-executive directors. This may include inviting non-executive directors to participate in reviews, taking part in recruitment exercises (civil service and/or public appointments), as well as broader corporate priorities across the integrated delivery system.

4.5

Where appropriate, the Arm's Length Body can be involved as a partner in policy/strategy development and provide advice on policy implementation.

5. ENGAGEMENT

PRINCIPLE

5.1

Partnerships work well when relationships between departments and Arm's Length Bodies are open, transparent, honest, constructive and based on trust. There is mutual understanding about each other's objectives and clear expectations about the terms of engagement.

STANDARDS

5.2

The department and the Arm's Length Body work to develop constructive working relationships based on trust, respect and shared values.

5.3

The department and the Arm's Length Body will be straightforward, truthful and candid in their communications, surfacing tensions and resolving ambiguities. By giving clear, honest feedback and supporting each other to succeed, the department and the Arm's Length Body will be team players toward one another and should not tolerate uncollaborative behaviour.

5.4

The department and the Arm's Length Body have agreed the terms of engagement within the framework document/partnership agreement which will be published. This is reviewed at regular intervals.

5.5

The department and the Arm's Length Body engage with each other in a coordinated, collaborative and consistent manner. There is a clear sense of collaboration and partnership in 'the way we do business together' which is experienced by staff in the department and the Arm's Length Body.

5.6

The Government's outcomes based approach recognises the role of Arm's Length Bodies and departments in working collaboratively in a joined up approach to contribute to improvements in overall outcomes.

5.7

The department and the Arm's Length Body induct new senior leaders, non-executive directors and working level contacts. Staff from the department and the Arm's Length Body take the time to understand each other's business and the challenges they each face.

5.8

The department and the Arm's Length Body are given notice of relevant public announcements, in line with the independence of the Arm's Length Body and the department's need to know. The Arm's Length Body understands the department's strategic objectives. The department understands the Arm's Length Body's remit, core business and audiences.

5. ENGAGEMENT

5.9

There is a clear and well understood process to resolve any disputes.

5.10

The department and the Arm's Length Body review the strength of their relationship at regular intervals and at least annually. They can use a 360 degree approach to develop an honest, trusting and supportive relationship. Actions are agreed to address any areas for improvement.

ANNEX A

THE SEVEN PRINCIPLES OF PUBLIC LIFE

SELFLESSNESS

Holders of public office should act solely in terms of the public interest. They should not do so in order to gain financial or other benefits for themselves, their family or their friends.

INTEGRITY

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties.

OBJECTIVITY

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

ACCOUNTABILITY

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

OPENNESS

Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

HONESTY

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

LEADERSHIP

Holders of public office should promote and support these principles by leadership and example.



**Local Government & Housing Regulation Division**

Clerk and Chief Executive of each District
Council

Level 4
Causeway Exchange
1-7 Bedford Street
Town Parks
BELFAST
BT2 7EG
Telephone: (028) 9082 3375

Circular LG 12/19

Email: Jeff.glass@communities-ni.gov.uk

Our reference:
Date: 29 March 2019

Dear Chief Executive

ACCOUNTS DIRECTION 2018/19: NORTHERN IRELAND DISTRICT COUNCILS

Following consultation with the Technical Accounting Support Service (TASS) Working and Steering Groups, and the Association of Local Government Finance Officers (ALGFO), the Department has prepared a Direction for the appropriate form and content of the accounts of the district councils in Northern Ireland. Please note that due to the implementation of Telling the Story - Improving the Presentation of Local Authority Financial Statements, the Rates Support Grant Pro forma can no longer be completed through the accounts pro forma and the Department will issue separate guidance on this.

I have enclosed the following documents that will help you to prepare the accounts for 2018/19:

Cover letter – as per this document;

Annex A - Circular No LG 12/2019 Accounts Direction to Councils 2018/19;

Annex B - Accounts Direction for 2018/19;

Annex C - Pro forma Accounts for District Councils

Annex D - Accounts Direction Schedules;

Annex E – Remuneration Report notes

Yours faithfully

A handwritten signature in black ink that reads "J Glass".

Jeff Glass
Head of Finance
Local Government & Housing Regulation Division

Cc Pamela McCreedy, Local Government Auditor
Colette Kane, NIAO Director
Finance Officers, District Councils
Alan Bermingham, CIPFA (NI)
Nicola McAlinden, CIPFA (NI)

Encs.

Annex A



**Local Government & Housing Regulation
Division**

Clerk and Chief Executive of each District
Council

Finance Branch
Level 4
Causeway Exchange
1-7 Bedford Street
BELFAST
BT2 7EG
Telephone: (028) 9082 3375

Circular LG 12/19

Email: Jeff.glass@communities-ni.gov.uk

Your reference:
Our reference:
Date: 29 March 2019

Dear Chief Executive

**ACCOUNTS DIRECTION CIRCULAR 2018/19: NORTHERN IRELAND DISTRICT
COUNCILS**

1. In exercise of its powers under Article 24(2) of the Local Government (Northern Ireland) Order 2005 and Regulation 7 of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 (the Regulations), the Department hereby directs that the accounts for the year ended 31 March 2019 should comply with the attached direction.
2. The prescribed template has been included within the District Council accounts pro-forma¹. The remuneration report contains a link to information on members' allowances and expenses on Councils' websites. Therefore the information that is intended to be published on members' allowances and expenses should be submitted for audit to the Local Government Auditor at the same time as the statement of accounts.
3. The unaudited statement of accounts do not need to be approved by a committee. The Chief Financial Officer needs to certify the unaudited statement of accounts by 30 June. Councils should arrange a committee meeting for one to two weeks prior to 30 September to allow audit certification by 30 September 2019.
4. The CIPFA/LASAAC Code Board has developed a Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (the Code) which is based on International Financial Reporting Standards. This document is recognised by the Department as a comprehensive statement of accounting

¹ In Accounts pro forma, councils should refer to Annex E for updated remuneration report wording

practice to be followed in preparing a local authority's annual statement of accounts.

5. As in previous years, the Department has reviewed the requirements of the accounts direction having regard to suggestions from councils and local government auditors. I would like to draw your attention to the following advice:
- Narrative Report - Councils should consider recommended topics in Section 3.1 of the CIPFA/LASAAC's Code for inclusion in the Narrative Report.
 - Councils should revalue their highly volatile assets on an annual basis and depending on materiality, other assets to be reviewed via a desktop exercise to identify assets that may require valuation.
 - Actuarial valuations – You should be sure that information passed to/obtained from external experts is appropriate. Please note that auditors are likely to request this information for review.
 - Pension accounting - Councils should account for the estimated contribution as contained in the actuary's report. This will result in a difference to your actual contributions paid to the scheme. The difference should be tracked and recorded for audit purposes.
 - Discount rate for provisions – as advised in previous years, provisions should be discounted in accordance with the Code, including IAS 37 on provisions, contingent liabilities and contingent assets. Where councils use the ArlingClose recommended discount rate (that includes inflation) in valuing landfill provision, they should adjust their estimated landfill cash flows for inflation.
 - Group accounts – the rationale should be documented for consolidating or not consolidating any subsidiaries/associate/joint ventures (including smaller local government bodies) into group accounts. You should utilise the group accounting checklist produced by CIPFA.
 - Local Government Reform – You should continue to consider the impact of reform and the need for provisions at the balance sheet date for matters such as severance costs, restructuring or redundancy costs, etc. Councils should pay due consideration to the changes in IAS 19 regarding termination benefits. You should also ensure expenditure allocated to reform for which matched income has been obtained is accounted for correctly, including the capitalisation of any expenditure not normally capitalised.
 - Capitalisation of any expenditure not normally capitalised should be accounted for correctly and should either be compliant with a Departmental Capitalisation Direction or substantiated as Revenue Expenditure Funded

From Capital Under Statute (REFCUS). Guidance on accounting for capitalisation directions was issued in April 2015 by CIPFA. Councils are required to advise the Department of how much of their allocation was used in the previous financial year no later than 30 June 2019. Estimates are not acceptable. Supporting information/ calculations must also be provided at this time to substantiate that figures are final, either by email or hard copy.

- Principal and agent transactions – You should be able to provide the auditors with appropriate evidence in support of principal and agent accounting. This is normally most relevant in the case of accounting for public realm transactions.
- Local Government Finance Act (NI) 2011 and the Prudential Code – you should ensure that the council is compliant with these, and that this is reflected where appropriate in the financial statements.

6. Please note the following:

- Where councils have established subsidiaries to undertake its operating activities, the additional reporting requirements of the Code and the accounts direction should be applied to subsidiary accounts. These include a remuneration report (refer to Annex E for updated wording on remuneration) and a governance statement.
- When councils set up companies that are associates or joint ventures they should ensure that financial year ends align with that of the council's and that independent auditors are appointed. This is particularly important for those companies that are consolidated into the council's group accounts.
- Publication of annual audit letters - A council is required by the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 to publish the annual audit letter as soon as reasonably possible after its receipt from the local government auditor.
- You are reminded that, in accordance with the regulations, councils must monitor the performance of internal audit activity, including a review of its effectiveness.
- All suspected, attempted and actual fraud should be reported to the Local Government Auditor on a more formal business. Local councils should continue to report any such frauds using the circulated pro-forma 'Initial Notification of Frauds to the Local Government Auditor'. The information received shall determine whether or not there is any impact on the financial accounts and to have an overview of key fraud risks across local government. This return should be cc'ed to the Department which will consider the current structures in place to monitor frauds, gather and collate information and bring trends and lessons to the attention of the sector as a whole.

7. Key changes from last year's accounts pro forma, and other points to note, are as follows:

Adoption of IFRS 9 *Financial Instruments*, which includes a single approach to classification and measurement, a new forward-looking 'expected loss' impairment model and a revised approach to hedge accounting. There have also been amendments to the Comprehensive Statement of Income and Expenditure to reflect adoption of the standard;

Adoption of IFRS 15 *Revenue from Contracts with Customers*, whereby revenue is recognised when an entity satisfies a performance obligation in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services transferred;

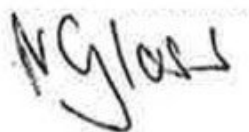
IAS 11 *Construction Contracts* has been withdrawn;

Adoption of IAS 7 *Statement of Cash Flows* (Disclosure Initiative), whereby changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities;

The CIPFA Code on Local Authority Accounting in the United Kingdom 2018/19 has full details of updated accounting requirements.

9. I should like to remind you that except with the consent of the local government auditor, accounts must not be altered after the date on which they are first made available for public inspection.
10. Should you require clarification on any of the above matters, please contact me on 028 90 823375.

Yours faithfully



Jeff Glass
Head of Finance
Local Government & Housing Regulation Division

cc.
Pamela McCreedy, Local Government Auditor
Colette Kane, NIAO Director
Finance Officers, District Councils
Alan Bermingham, CIPFA (NI)
Nicola McAlinden, CIPFA

Encs.

Annex B

**ACCOUNTS DIRECTION: DISTRICT COUNCILS**

ACCOUNTS DIRECTION GIVEN BY THE DEPARTMENT FOR COMMUNITIES, IN ACCORDANCE WITH ARTICLE 24(2) OF THE LOCAL GOVERNMENT (NORTHERN IRELAND) ORDER 2005 AND REGULATION 7 OF THE LOCAL GOVERNMENT (ACCOUNTS AND AUDIT) REGULATIONS (NORTHERN IRELAND) 2015 FOR THE YEAR ENDED 31 MARCH 2019.

1. The accounts shall give a true and fair view of the income and expenditure and cash flows for the financial year and the financial position as at the end of the financial year.
2. Subject to the requirements of the Local Government (Northern Ireland) Order 2005 and the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015, this Accounts Direction and other statutory provisions, the council shall observe all relevant accounting and disclosure requirements given in the applicable Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (the Code), as amended or augmented from time to time, except where stated at 3 below.
3. In addition to the requirements of the above-mentioned Code the statement of accounts, which it is the duty of the chief financial officer of every council to prepare in respect of the financial year ended 31 March 2019, shall include –
 - Narrative Report
 - Statement of the Council's and Chief Financial Officer's Responsibilities for the Statement of Accounts (Schedule 5)
 - Governance Statement
 - Remuneration Report (Schedule 6)
 - Certificate of the Chief Financial Officer and Council's approval of the Statement of Accounts (Schedule 7)

and in each case, such notes as may be necessary for the purposes referred to in the following paragraphs.

4. The statement of accounts should also include such notes as may be necessary for the purposes of the additional disclosure requirements, as set out in Schedule 9 of this Direction. The governance statement should be prepared in accordance with 'Delivering Good Governance in Local Government: Framework', published by the Chartered Institute of Finance and Accountancy (CIPFA) in 2007.
5. Those councils that sought and obtained departmental agreement to mitigate costs associated with changes in discount rates should continue to account for these costs as agreed with the Department. Other councils that want to mitigate the impact of

changes in discount rates by creating a negative reserve within the financial statements should obtain agreement from the Department.

6. Where a council has group accounts, they should present group accounts in addition to its single entity financial statements.
7. The accounts should be prepared in the form directed by the Department. **Two copies**, signed by the Chief Financial Officer of the Council, should be submitted to the Department on or before **30 June 2019**. Councils should arrange in advance a suitable timetable for the audit process of the accounts with NIAO.

Dated 29 March 2019

Signed by authority of the Department for Communities

JEFF GLASS



Local Government & Housing Regulation Division
Level 4
Causeway Exchange
1-7 Bedford Street
Townparks
Belfast
BT2 7EG
Phone: 028 9082 3355

Clerk and Chief Executive of each District Council

Circular No. LG 06/2019

E-mail: tommy.mccormick@communities-ni.gov.uk

Our Ref:

Date: 22/02/2019

Dear Sir/Madam

DECLARATION OF ACCEPTANCE OF OFFICE

1. In advance of the forthcoming local elections on 2 May 2019, and to assist councils in preparing for the incoming councillors following the elections, the Department is updating and reissuing the circular on Declaration of Acceptance of Office. The purpose of this circular is to highlight the requirement that all councillors must, following their election, complete and sign a Declaration on Acceptance of Office before they can act as a councillor.
2. Section 7 of the Local Government Act (Northern Ireland) 1972 ("the 1972 Act") states that a person elected¹ to the office of councillor cannot act in that office until they have made, and served on the Clerk/Chief Executive of the council, a declaration on acceptance of office.
3. The declaration required by section 7 is the *Declaration of a Councillor*, as set out in Part 1 of Schedule 1 to the 1972 Act, the wording of which is replicated in Annex A to this circular.
4. All councillors should be made aware that, under paragraph (2) of section 7, if a person elected to the office of councillor fails to make the necessary declaration, and serve it on the Clerk/Chief Executive of the council, within the period of two months from the day of their election, the office of that person shall at the end of that period become vacant.

¹ The term "elected" is defined in section 148 of the 1972 Act as including "appointed, nominated or otherwise selected or returned".

5. The Declaration of a Councillor contains a statement affirming that the councillor has read and will observe the Northern Ireland Local Government Code of Conduct for Councillors (as revised from time to time) (“the Councillors’ Code”) in the performance of their functions as a councillor.
6. Councillors should be provided either with a copy of the Councillors’ Code or provided with a link to view it online, prior to being asked to complete the Declaration of a Councillor.

<https://www.communities-ni.gov.uk/publications/ni-local-government-code-conduct-councillors>

7. To assist councillors, a link to the Local Government Commissioner for Standards’ guidance on the Councillors’ Code is provided below.

<https://nipso.org.uk/site/wp-content/uploads/2018/02/Guidance-for-Councillors-from-the-Northern-Ireland-Commissioner-for-Complaints-April-2017-2-1.pdf>

8. The Department would also remind councils that, under section 16 of the Local Government Act (Northern Ireland) 2014, persons who are not councillors, but who are appointed to committees, are required to complete and sign a declaration. The form of that declaration (ie the *Declaration on Appointment to a Committee of a Person Who is Not a Councillor*) is set out in Schedule 3 to the 2014 Act and is replicated in Annex B to this circular.
9. The declaration set out in Schedule 3 to the 2014 Act requires a person who is not a councillor and who is appointed to a council committee to affirm that they have read and, in the performance of their functions as a member of the committee, will observe the Councillors’ Code (as revised from time to time). A copy of the Councillors’ Code or a link to view it online should be provided prior to this declaration being signed. (Please also see the link to the Local Government Commissioner for Standards’ guidance on the Councillors’ Code, above).
10. Clerks/Chief Executives should inform the Department when all councillors have completed their declarations, as soon as possible after the election but no later than 31 July in the year of the election.
11. This circular replaces Local Government Circular No. LG 26/14.

Yours sincerely,

JULIE BROADWAY
Local Government and Housing Regulation Division

**Declaration of a councillor under section 7 of the
Local Government Act (Northern Ireland) 1972**

I.....having been chosen Councillor
for the District ofhereby declare that I
take the said office upon myself and will duly and faithfully fulfil the duties thereof
according to the best of my judgement and ability.

I affirm that I have read and will observe the Northern Ireland Local Government Code of
Conduct for Councillors (as revised from time to time) in the performance of my functions
as a councillor.

Dated this.....day of Signed.....

Declaration, under section 16 of the Local Government Act (Northern Ireland) 2014, on Appointment to a Committee of a Person who is not a Councillor

Having been appointed as a member of [*name the committee*]

I declare that I accept the appointment and that I will duly and faithfully fulfil the duties of a member of that committee to the best of my judgement and ability.

I affirm that I have read and in the performance of my functions as a member of that committee will observe the Northern Ireland Local Government Code of Conduct for Councillors (as revised from time to time).



Finance Officer of each District Council

Local Government and Housing
Regulation Division
Finance Branch
Level 4
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email: jeff.glass@communities-ni.gov.uk

Circular No. LG 13/2019

Our ref: C01-18-279

3 April 2019

Dear Finance Officer

RECORD OF COUNCILLORS' AND COMMITTEE MEMBERS' ALLOWANCES FUNDED BY COUNCIL 2018/2019

The attached annual return template seeks details of allowances funded by the council under Part 3 of the Local Government Finance Act (Northern Ireland) 2011 and the Local Government (Payments to Councillors) Regulations (Northern Ireland) 2012, during the 2018/2019 financial year.

Councils are statutorily obligated, in accordance with the above Regulations, to publish a Scheme of Allowances for the payment of allowances to councillors and committee members. At the end of each financial year councils are also obligated to publish details of the amounts of allowances paid to each councillor and committee member. This return provides a standard format for those details to be recorded thus allowing comparisons of councillor allowances within a council and also between councils.

As you will be aware legislatively councils only have to publish details of payments made directly to councillors and committee members. If your council does not wish to publish costs incurred by councils on behalf of councillors and committee members, these figures should be left out and a note made on the top of the table that these costs are not included. However, for transparency and comparison purposes the Department would encourage councils to also include the costs incurred by councils on councillors and committee members' behalf.

The completed template should be published on your Council website as soon as possible after the end of the financial year or by Monday 1 July 2019 and only the link to the published version should be returned to this Division. Guidance to enable completion of the return is provided in tab 1 of the template. Please note that only allowances funded under Part 3 of the Act should be included.

The link to your Council's Scheme of Councillor Allowances for 2019/20 should also be forwarded to this Division by 1 July 2019.

If you have any queries on the content of this return please contact Lynne McCann via email lynne.mccann@communities-ni.gov.uk or on 028 9082 3380.

Yours faithfully

JEFF GLASS
Local Government & Housing Regulation Division

CC. Chief Executive of each District Council
Other Interested Parties

RECORD OF COUNCILLORS' AND COMMITTEE MEMBERS' ALLOWANCES FUNDED BY COUNCIL 2018/2019

Guidance Notes

Background

This annual return seeks details of allowances funded by the council under Part 3 of the Local Government Finance Act (Northern Ireland) 2011 and the Local Government (Payments to Councillors) Regulations (Northern Ireland) 2012, during the 2018/2019 financial year. Only allowances funded under Part 3 of the Act should be included in this return. Circular LG 23/2016 provides detailed guidance issued by the Department on councillors allowances and is available at the following link:-

<https://www.communities-ni.gov.uk/publications/circular-lg-232016-consolidated-guidance-councillors-allowances-december-2016>

General

Councils are statutorily obligated, in accordance with the above Regulations, to publish a Scheme of Allowances for the payment of allowances to councillors and committee members. At the end of each year councils are also obligated to publish details of the amounts of allowances paid to each councillor and committee member. This return provides a standard format for those details to be recorded thus allowing comparisons of councillor allowances within a council and also between councils. Currently legislation does not obligate the publishing of allowances paid by councils on behalf of councillors or committee members '*incurred allowances*' (e.g. where a council pays a hotel bill on behalf of a councillor). However the Department believes all details are relevant and therefore, prior to there being a statutory obligation to publish this information, would encourage councils to publish this information.

Table 1 records all individual councillor and committee member allowances. Where councils decide not to publish '*incurred allowances*' it should state on the table that these are not included.

Table 2 records all council collective councillor support services costs such as IT costs. Councils are currently not obligated to publish this data, however councils are encouraged for transparency to publish this information.

Guidance on completion of the tables is provided below. If you have difficulty in completing the tables or need clarification on any item, please use the contact details below.

The Council web link for the published tables for 2018/2019 and the web link for the Council Scheme of Allowances for 2019/2020 should be forwarded to Lynne McCann (email:lynne.mccann@communities-ni.gov.uk) and copied to Kevin McGinn (email: kevin.mcginn@communities-ni.gov.uk) by Monday 1 July 2019.

Table 1 - Individual Councillors' Allowances

Table 1 should reflect all allowances. Where councils decide not to publish '*incurred allowances*' the note above the travel and subsistence allowances for councillors and the note above the travel and subsistence allowances for committee members should be amended stating that these are not included.

1. All figures in this table should reflect members' entitlement for the financial year 2018/2019 regardless of when the payments were actually made e.g. if a payment was made in April 2019 for 2018/2019 entitlement, that figure should be included but payments made in April 2018 for a 2017/2018 entitlement should not be included.
2. The name of each member receiving an allowance should be stated and all figures should be rounded to the nearest whole pound.
3. In this guidance note the term Chairperson means Chairperson/Vice Chairperson and Mayor/Deputy Mayor.

Basic and Special Responsibility Allowances

4. Figures for Basic and Special Responsibility Allowances (SRA) should be gross i.e. before tax and exclude any on-costs such as employer's contributions.
5. A council may not pay more than one SRA to a councillor as stated in regulation 5 of the Local Government (Payments to Councillors) Regulations (Northern Ireland) 2012. Any Chairperson Allowance arrangement should be considered totally separate from SRA arrangements.

Chairperson Allowances

6. Allowances for the period of time served by all Chairpersons during the 2018/2019 financial year should be included.

7. Only personal allowances payable to each Chairperson should be recorded. Expenses such as hosting a dinner or Chairperson contributions should not be included as these are council expenses.
8. T&S for Chairpersons should be treated in the same manner as all other councillor travel and subsistence allowances and should be included as applicable under 'Mileage Allowance', 'Public Transport and Other Travel Incidentals, and 'Subsistence'.

Public Transport and Other Travel Incidentals

9. All travel costs, excluding mileage allowance, should be recorded under the heading Public Transport and Other Travel Incidentals. This should include flights and items such as toll payments or car parking as well as travel related to councillors attendance at conferences and courses.

Table 2 - Councillors' Support Services

Support costs are for secretarial and administration costs and should not include costs for the Office of the Northern Ireland Public Service Ombudsman or membership and subscription costs.

Communications and Support

10. This should include telephone equipment, IT equipment and Broadband, etc. as provided by the council.

Courses/ Conferences/Visits

11. Courses/Conferences/Visits should only include costs for registration fees and other non T&S costs. All accommodation, subsistence and travel costs should be recorded under appropriate columns in Table 1.

Other Costs

12. Costs above £1,000 per support service incurred by the council to support councillors in carrying out council duties not covered in other categories in Table 2 should be specified and detailed under Other Costs. This information is collated at council level and there is no requirement for the costs to be attributed to individual councillors. –

Contact:

Lynne McCann | Local Government and Housing Regulation Division | Department for Communities
Level 4 | Causeway Exchange | 1-7 Bedford Street | Belfast | BT2 7EG
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Table 1

COUNCIL NAME:

Record of Councillors' and Committee Members' Allowances funded by Council relating to the period 2018/2019

The following records allowances for 2018/19, paid under Part 3 of the Local Government Finance Act (NI) 2011 and the Local Government (Payments to Councillors) Regulations (Northern Ireland) 2012. Allowances paid directly to councillors by other bodies, such as by Policing & Community Support Services, which are not made under this legislation are not included, even where councillors are representing the Council.

<i>N.B. Records travel & subsistence expenditure paid to councillor and incurred by council on behalf of councillor</i>													
No.	Initials	Surname	Dates of Office <small>(to be completed if not councillor for full year - e.g. 01/06/2018 to 30/09/2018)</small>	Basic Allowance	Special Responsibility Allowance	Chairperson/ Mayor Allowance	Vice Chairperson/ Deputy Mayor Allowance	Total Personal Allowances	Mileage Allowance	Public Transport and Other Travel Incidentals	Subsistence (including accommodation)	Total Travel and Subsistence	Dependants' Carers Allowance
				£	£	£	£	£	£	£	£	£	£
1								0				0	
2								0				0	
3								0				0	
4								0				0	
5								0				0	
6								0				0	
7								0				0	
8								0				0	
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36								0				0	
37								0				0	
38								0				0	
39								0				0	
40								0				0	
41								0				0	
42								0				0	
43								0				0	
44								0				0	

Table 2

COUNCIL NAME

Record of Councillors' Support Services funded by Council relating to the period 2018/2019

Support Service	Amount	Details
	£	
Communications and Support		
General Secretarial Services		
Courses/ Conferences/ Visits (Such as registration / joining fees)		
Other Costs not covered above (>£1,000 - such as providing business cards, council headed paper, etc)		
Total	0	

Stuart Stevenson
Treasury Officer of Accounts

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DAO (DoF) 02/19

13 March 2019

Dear Accounting Officer

ANNUAL THEFT AND FRAUD REPORT 2017/18

Purpose

1. The purpose of this DAO is to advise departments of the publication of the Annual Theft and Fraud Report for 2017/18.
2. The report includes cases of actual, attempted and suspected thefts and frauds reported by NI departments, their agencies and Arm's Length Bodies (ALBs). Its purpose is to provide an analysis of the cases reported in order to assist organisations identify risk areas and to help them detect and prevent such cases through established control mechanisms.

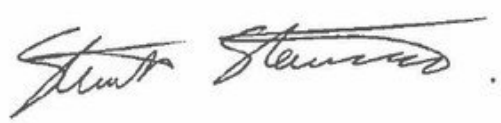
Action

3. Departments should draw the 2017/18 Report to the attention of staff in departments, agencies and ALBs. The report is available on the DoF AFMD website under the Dear Accounting Officer letters and Anti-fraud guidance sections.
4. DAO (DoF) 01/18 (which announced the publication of the 2016/17 Annual Theft and Fraud Report) and FD (DoF) 06/18 (which commissioned the annual fraud return exercise for 2017/18 on which this report is based) are now withdrawn.

Queries

- 5. Any queries regarding this letter or report should be addressed to Fiona Doherty (Fiona.Doherty@finance-ni.gov.uk), telephone 028 90816774, ext 76774.

Yours sincerely



STUART STEVENSON

Copy Distribution List

- Michelle Anderson**
- Julie Sewell**
- Fiona Elliott**
- Fiona Doherty**
- Fraud Forum Members**

ANNUAL THEFT & FRAUD REPORT

2017/18

Compiled by the Department of Finance



THEFT & FRAUD REPORT 2017/18

CONTENTS

SECTION		PAGES
1	Introduction	3-5
2	General fraud issues update	6-10
3	2017/18 annual fraud return analysis	11-15
4	Analysis of reported categories	16-20
5	Summary reports:- Department for Communities – Benefit Fraud Northern Ireland Environment Agency – Environmental Crime Land and Property Services – Benefit Fraud Legal Services Agency NI – Legal Aid Fraud NI Housing Executive – Tenancy Fraud NI Water – Unauthorised Connections / Meter Tampering Health Sector – Counter Fraud Services Group Fraud Investigation Service	21-33

SECTION 1

Introduction

Background

- 1.1 Under Managing Public Money NI (MPMNI) departments are required to report to the Department of Finance (DoF) annually on all actual, suspected and attempted frauds which involve public money. This information is collated by DoF through an annual exercise completed by departments in respect of their own core department, their agencies, Non Departmental Public Bodies (NDPBs) and other sponsored bodies.
- 1.2 DoF uses this information to highlight to the NI public sector the common types of theft and fraud cases which are being perpetrated against the public sector in order that departments etc can use this to identify measures which will help them prevent and detect fraud and theft in the future.
- 1.3 The information contained within this report relates to information provided by departments as part of the 2017/18 Annual Theft and Fraud Return exercise.

Defining Theft and Fraud

- 1.4 In terms of the information included within this report it should be noted that it covers a wide range of cases of theft and fraud. Under the Fraud Act 2006 there is a legal definition of what constitutes "fraud". However the annual reporting exercise and this report includes cases which would come under the wider more generally understood use of the term "fraud". These include cases which could be categorised as false accounting,

bribery and corruption, misappropriation, forgery, abuse of position etc. It also includes cases of straightforward theft. The cases included in this report include not only 'actual' cases but 'suspected' and also 'attempted but prevented' cases reported by departments for the 2017/18 year.

Scope of Report

- 1.5 The report covers cases reported by departments, their agencies, NDPBs and other sponsored bodies.
- 1.6 It does not include any cases which may have occurred in the NI Assembly; the NI Audit Office; or the NI District Councils. If required information on actual, suspected or attempted fraud in these organisations should be sought directly from the relevant organisation(s).
- 1.7 Although summary reports on specific fraud risk areas are included at Section 5 these specific types of fraud are not included in the main analysis sections. These include the areas of:-
 - Department for Communities – Benefit Fraud;
 - Northern Ireland Environment Agency – Environmental Crime;
 - Land and Property Services – Benefit Fraud;
 - Legal Services Agency NI – Legal Aid Fraud;
 - NI Housing Executive – Tenancy Fraud; and
 - NI Water – Unauthorised Connections / Meter Tampering.
- 1.8 Section 5 also contains a summary of the counter fraud work undertaken by Business Services Organisation (BSO) within the Health Sector and the Group Fraud Investigation Service within the NI Civil Service (NICS).

- 1.9 It is recognised that the report is compiled on the information provided by departments at a particular point in time. It should therefore not be taken as a complete/absolute record of all cases of theft/fraud perpetrated against the NI public sector during the 2017/18 year. This is because there will always be cases of fraud/theft which go on undiscovered and therefore unreported. It also does not include cases which may have been 'suspected' during the course of the year but subsequently determined not to be fraudulent in nature.
- 1.10 Nonetheless it is still considered that the production of this report is useful in gauging the overall level of cases being identified/detected and the nature of these cases. This is important in order that public sector bodies can consider the fraud risk areas within their own organisations, and where required, take appropriate additional actions to address these risks.

SECTION 2

107

General Fraud Issues Update

Key Information

- The number of cases reported was 236 for 2017/18.
- This is a decline of 35 cases from the previous year (271 cases).
- Of these 236 cases, 105 were reported as 'actual' cases, 88 as 'suspected' cases and 43 were in the 'attempted but prevented' category.
- The value of the cases reported amount to £787k¹ approximately. This total value includes cases where values were reported as actual amounts or where estimates were provided.
- This is an increase in the overall value reported from the previous year (£672k).
- The majority of this value total was in respect of 'actual' cases (£496k).
- £206k related to 'suspected' cases and £85k related to 'attempted but prevented' cases (i.e. where there was no loss to the public sector).
- In 88 of the cases reported no values were given. This is often due to the early stage of investigation in these cases or in some cases as the fraud may not lead to a loss for the public sector directly.

¹ There may be a slight discrepancy in the exact values or percentages quoted in the report due to the rounding of figures.

The categories that the 236 cases fell into are set out next in Figure A.

Figure A

Number of frauds reported by category					
Category of Fraud	Total Number of cases	Percentage of cases reported	Actual	Attempted but Prevented	Suspected
Theft of assets	66	28%	54	4	8
Payment process related	33	14%	11	19	3
Grant related	26	11%	3	2	21
Health Service specific	26	11%	4	15	7
Abuse of position / assets / exploitation of information	19	8%	9	0	10
Pay or pay related allowances	18	8%	5	1	12
Income related	17	7%	7	0	10
Other	13	6%	9	2	2
Contractor fraud	12	5%	1	0	11
Pension fraud	2	1%	1	0	1
Procurement fraud	2	1%	0	0	2
Travel and subsistence	1	0%	1	0	0
NIHE specific	1	0%	0	0	1
Total	236	100%	105	43	88

The value of the cases reported by category are set out below in Figure B.

Figure B

109

Value of cases reported by value							
Category	Total	Number of cases where a value was recorded	Number of cases where a value could not be estimated	Actual Value	Estimated Value	Total Value	Percentage of total value of cases reported
Abuse of position / assets / exploitation of information	19	9	10	£3,305	£224,000	£227,305	29%
Payment process related	33	30	3	£182,485	£0	£182,485	23%
Grant related	26	17	9	£109,823	£30,625	£140,448	18%
Theft of assets	66	56	10	£8,285	£95,015	£103,300	13%
Contractor fraud	12	5	7	£5,194	£35,700	£40,894	5%
Income related	17	15	2	£11,178	£22,596	£33,774	4%
Pay or pay related allowances	18	9	9	£3,341	£26,850	£30,191	4%
Pension fraud	2	2	0	£28,000	£901	£28,901	4%
Other	13	5	8	£60	£0	£60	0%
Travel and subsistence	1	0	1	£0	£0	£0	0%
Health Service specific	26	0	26	£0	£0	£0	0%
NIHE specific	1	0	1	£0	£0	£0	0%
Procurement fraud	2	0	2	£0	£0	£0	0%
Total	236	148	88	£351,672	£435,686	£787,359	100%

National Fraud Initiative in Northern Ireland - Data Matching

2.1 One of the key mechanisms used by NI public sector bodies to prevent and detect fraud is the National Fraud Initiative (NFI), a UK-wide data matching exercise run every two years by the Cabinet Office. Around 80 Northern Ireland public sector bodies, including departments, non-departmental public bodies, health bodies and local councils, participate in the NFI.

- 2.2 The Comptroller and Auditor General NI (C&AG) acquired data matching powers in 2008 and all organisations whose accounts are audited by the C&AG or a local government auditor may be required to submit their data for matching.
- 2.3 In June 2018 the C&AG published his report on the fifth NFI exercise in Northern Ireland. Outcomes to date in Northern Ireland across the five exercises are almost £35 million, principally in the areas of pensions, rates and housing benefit.
- 2.4 The sixth NFI exercise in Northern Ireland is currently underway. Data was uploaded by participating organisations in October 2018 and initial matches were released in January 2019. Organisations have 12 months to review their matches and investigate as appropriate, in line with their own fraud risk assessments.

NICS Fraud Forum

- 2.5 The NICS Fraud Forum is a best practice advisory group. It consists of representatives from Northern Ireland Civil Service departments along with members from the Police Service of Northern Ireland; the Northern Ireland Audit Office; the Public Prosecution Service; and most recently the Charities Commission for Northern Ireland. Representatives from the Business Services Organisation (Health Sector) and NI Housing Executive also attend the Forum.
- 2.6 The Forum has been in existence since 2005 and meets 2-3 times per year under the chairmanship of the DoF Treasury Officer of Accounts. In 2017/18 the Forum met twice. These meetings included:-
- receiving a presentation from the Charities Commission for NI;
 - National Fraud Initiative updates on the progress and outcomes of the exercises;
 - updates from the Group Fraud Investigation Service for the NICS;

- updates on the Digital Economy Bill/Act;
- considering/reviewing guidance on the issues of both bribery and corruption and fraud proofing; and
- review of the previous year's Annual Theft and Fraud Report.

Organised Crime Task Force

- 2.7 The Organised Crime Task Force (OCTF) comes under the auspices of the Department of Justice (DoJ). The Taskforce brings together a range of agencies to set priorities for tackling organised crime in Northern Ireland. The Taskforce does not have an operational responsibility for tackling organised crime – this remains the focus of the relevant agencies.
- 2.8 A representative of the NICS Fraud Forum attends the Criminal Finances Sub Group, so ensuring there is an appropriate link between the work of the OCTF and the NICS Fraud Forum.
- 2.9 The Annual Report and Threat Assessment for the OCTF for 2017 can be accessed through the following link:

[Annual Report and Threat Assessment 2017 - OCTF](#)

SECTION 3

An analysis of actual, suspected and attempted fraud as reported to DoF through the 2017/18 Annual Fraud Return exercise.

Information in relation to the number and value of cases reported in 2017/18 are provided in Section 2 Figures A and B refer. However further analysis of the information provided by departments is analysed in the following paragraphs.

Bodies Reporting Cases

3.1 Of the 236 cases reported most (69 cases, 29%) were reported by Core departments. A number of cases reported by core departments included cases of 'theft', 'grant' related fraud and cases of fraud classed as 'other', which includes cases of the misuse of the blue badge scheme. A further 63 (27%) were reported by Health Service Boards and Trusts and 52 (22%) by Non Departmental Public Bodies.

Cases reported by body		
Body where case occurred	Number of cases	Percentage of cases reported
Core Department	69	29%
Health Service Boards & Trusts	63	27%
NDPBs	52	22%
Other - Public Corporation	25	11%
Agency	17	7%
Other - North South Body	9	4%
HE Institute	1	0%
Total	236	100%

Perpetrators

3.2 In 91 (39%) of the cases reported, bodies advised that the perpetrator was 'unknown' and over half of these 'unknown' perpetrator cases were reported as 'theft of assets' cases. In a further 56 cases (24%) an internal member of staff was considered to be the perpetrator, while in 52 cases (22%) a third party was believed to be the perpetrator.

Reported by perpetrators		
Perpetrators	Number of cases	Percentage of cases reported
Unknown	91	39%
Internal Member of Staff	56	24%
Other 3rd Party	52	22%
Funded Body / Grant Applicant	24	10%
Contractor	12	5%
Collusion between internal and external parties	1	0%
Total	236	100%

Causation

3.3 In 66% of cases (157 cases) it was considered the case was opportunistic in nature. In 35 cases (15%) it was considered that failure to apply existing controls was the cause while in 11% (26 cases) it was stated that it was currently unknown how the fraud was perpetrated.

Causation		
Causation	Number of cases	Percentage of cases reported
Opportunistic	157	66%
Failure to apply existing controls	35	15%
Currently unknown how fraud was perpetrated	26	11%
Inadequate controls in place	12	5%
Not Applicable - the case reported was an attempted fraud only and was detected by existing controls	6	3%
Total	236	100%

Method of Discovery

3.4 As in previous years almost half (45% - 106 cases) were discovered by the operation of normal control procedures, while almost a fifth (19% - 45 cases) were reported by an internal member of staff; and a sixth (16% - 39 cases) by an external third party.

Method of Discovery		
Description of discovery	Number of frauds reported	Percentage of frauds reported
Through the operation of normal control procedures (includes management and supervisory checks)	106	45%
Reported by an internal member of staff	45	19%
Reported by an external third party	39	16%
Other means	21	9%
By Internal Audit	12	5%
Through the completion of a special exercise	6	3%
By chance	6	3%
Through NFI Exercise / Computer Analysis	1	0%
Total	236	100%

Whistleblowing

3.5 In 36 of the cases (15%) it was advised that cases were raised/notified through established whistleblowing procedures. The number of cases coming to attention through this mechanism has decreased from the previous reporting period (49 cases, 18% of total for 2016/17). The types of cases reported through whistleblowing channels were allegations of dishonest information being provided on grant applications, staff members submitting false timesheets, contractors claiming for work not provided and misuse of departmental assets.

Actions to Improve Controls

3.6 In 96 cases (41%) no action was considered necessary. In many of these cases this was due to the controls already being considered to be proportionate to the risk faced, and that to implement additional preventative controls would not be cost effective or practical.

- 3.7 In 91 cases (38%) it was advised that control improvements were still under consideration. Many of these cases were suspected only at the time of reporting and so further investigation may be required before it can be determined if additional control measures are needed or not.

Action Taken		
Action Taken	Number of cases	Percentage of cases
No action considered necessary	96	41%
Controls improvements still under consideration	91	38%
Controls Improved	47	20%
No answer provided	2	1%
Total	236	100%

SECTION 4

An analysis of the main categories of cases reported.

Theft of Assets

- 4.1 'Theft of assets' accounted for 28% of the overall number of cases reported in the 2017/18 year. Of these cases, 54 cases were deemed to be 'actual' cases and 8 'suspected' cases.
- 4.2 The overall value recorded in the 'theft of assets' category was approximately £103k.
- 4.3 The type of assets reported stolen under this category included iPad's, Apple TV's, cash, machinery, medication, badger traps and bus tickets.
- 4.4 There were eleven cases reported in relation to the theft of fuel/heating oil, an increase to the levels reported in the previous year of 2 cases. A further two cases reported in this category related to the theft of lead/metal. The number of lead/metal cases recorded remains consistent with the level recorded in 2016/17.
- 4.5 Actions taken to improve the security around the theft of assets include robust monitoring of the administration and safe-keeping of medication; applying more stringent security when storing assets when not in use; installation of CCTV cameras; and the circulation of revised cash handling procedures and periodic spot checks of cash floats. However it must be noted that on some occasions no additional controls are required as it has been assessed that existing controls are satisfactory given the overall risks faced.

Payment process related

- 4.6 33 cases were reported in this category i.e. 14% of the overall number of cases reported. The percentage value of cases reported in this category was

23% (£182k approximately). Of the 33 cases reported it should be noted that 19 were categorised as 'attempted but prevented', this meaning no loss was incurred by the public sector organisation concerned in over half the cases recorded.

- 4.7 The majority of cases recorded under this category fell under the remit of unauthorised false direct debits being set up. Other cases included scam emails, some of which claiming to have originated from the Chief Executive asking for a money transfer and also incidents where a departmental credit card was cloned and used to purchase items online. This highlights the need for ongoing vigilance by staff when banking reconciliation is being completed.

Grant Related

- 4.8 There were 26 cases of 'grant' related fraud reported, a decrease on the level reported in 2016/17 (31 cases). A value of £140k was recorded for 2017/18, 18% of the total value.
- 4.9 Cases in this category ranged from frauds involving Single Farm Payments and entitlements; false information being submitted for replacement grants; 3 cases in relation to the Renewable Heat Incentive scheme; false student and childcare claims; to instances where an item was procured before approval granted.
- 4.10 21 cases were recorded as 'suspected' cases while a further 3 were classed as 'actual' and the 2 remaining cases were 'attempted but prevented'.

Health Service Specific

- 4.11 26 cases were reported under the 'Health Service specific' category for 2017/18 (11% of total cases reported). As in previous years it recorded cases where individuals attempted to obtain prescription medication fraudulently. Other cases contained within the parameters of Health Service Specific cases are those individuals who abuse health service schemes.

- 4.12 The value recorded for the Health Service Specific category was nil. Unfortunately for specialised cases such as these, it is very difficult to quantify a value and therefore all cases were recorded as 'value cannot be estimated'.

Abuse of Position/Assets/Exploitation of Information

- 4.13 A total of 19 cases were reported under this category (8% of total cases recorded). Over half of the cases were classed as 'suspected' frauds while the remaining cases were considered 'actual' frauds at the time of reporting.
- 4.14 This category recorded the highest value of fraud at £227k, 29% of the overall total value recorded. This could be attributed to a single case of fraud with an estimated value of £205k where schools funds were exploited.
- 4.15 Other cases submitted under this category included abuse of a payroll system; misuse of departmental IT resources; suspected misappropriation of funding in relation to service users' finances; undercharging of car park fees; and two cases of abuse of position citing bullying and harassment allegations.

Pay or Pay Related Allowances

- 4.16 There were 18 cases recorded for 'pay or pay related allowances' which accounted for 8% of the overall total of frauds, a decrease on the number recorded in 2016/17 (23 cases).
- 4.17 12 of the cases were classed as 'suspected' at the time of reporting and included allegations of staff not working their full shifts while claiming overtime; suspicions of staff either abusing departmental sick guidelines or working elsewhere during a period of claimed paid sick leave; and submission of false timesheets.
- 4.18 The value of £30k for this category has remained consistent with the value recorded in the previous year (£32k).

Income Related

- 4.19 17 cases fell into the category of 'income' related, 7% of the total number of cases recorded. The value for these cases accounted for 4% of the total value of frauds at £34k.
- 4.20 The types of cases in this category included occasions where school meals income was diverted from school accounts; a shortage in bank lodgements; and tickets not being issued when fares have been paid by the public.

Other

- 4.21 13 cases fell into the category of 'other', a decrease of 28 cases from the 41 cases reported in the previous year. The overall value reported in these cases was minimal with a small total of £60, a significant decrease from £44k in 2016/17.
- 4.22 Just under half of the cases reported in this category was attributed to cases of blue badge fraud. The remaining cases included fraudulent compensation claims and a small number of miscellaneous frauds such as forged signatures and falsified property certificates/bond.

Contractor Fraud

- 4.23 There were only 12 cases of 'contractor' fraud reported, a slight increase on the level reported in 2016/17 (8 cases). It also accounted for £40k of the overall total of frauds (5%).
- 4.24 All but one of the 12 cases fell into the 'suspected' category and included claims for work/services not provided, allegations of false training certificates being issued and also money paid for educational gain.

Pension Fraud

- 4.25 2 cases of 'pension' fraud were submitted with a total value of £29k, one of the cases was noted as an 'actual' case with a total of £28k. This case was discovered through NFI / Computer Analysis.

- 4.26 This highlights the importance of the NFI and computer analysis exercises and the need for accurate details being submitted.

Procurement Fraud

- 4.27 A zero value was recorded for the 2 cases of 'procurement' fraud as the value could not be estimated in either case. Both cases were only 'suspected' at the time of reporting and were reported through established whistleblowing channels.

Travel and Subsistence

- 4.28 One case with a value that could not be estimated was reported for 'travel and subsistence'. False travel claims were submitted for payment but the fraud was discovered through the operation of normal control procedures and the individual was subsequently dismissed.

NIHE specific

- 4.29 There was only one case reported for 'NIHE specific' frauds and involves an allegation of abuse of housing selection scheme by a NIHE staff member of staff. The value of the fraud could not be estimated at the time of reporting.

SECTION 5

5.1 Summary reports provided by the relevant organisations are included in this section. These came from:-

- Department for Communities – Benefit Fraud
- Northern Ireland Environment Agency – Environmental Crime
- Land and Property Services – Benefit Fraud
- Legal Services Agency NI – Legal Aid Fraud
- NI Housing Executive – Tenancy Fraud
- NI Water – Unauthorised Connections / Meter Tampering
- Health Sector – Counter Fraud Services
- Group Fraud Investigation Service

5.2 The relevant organisations have provided the summaries included below to DoF in respect of the 2017/18 year.

Department for Communities – Benefit Fraud

5.3 DfC is responsible for social security benefit expenditure of almost £5.9 billion each year. The Department has a robust approach for tackling fraud and error when it occurs in the social security system. The approach focuses on the prevention, detection, investigation, sanctioning of benefit offenders, and instigating legal proceedings against offenders when appropriate. The Department considers it important that any losses associated with benefit crime are rigorously pursued.

5.4 In 2017, the loss from customer fraud for social security benefits (including Housing Benefit) was £55.1 million, or 0.9% of expenditure. Reducing this figure continues to be a key priority of the Department. To achieve this, the Department continues to explore new initiatives to strengthen counter fraud and error activities, and maintain readiness for future risks. These include:

- **Joined up working** – The Department remains vigilant to the threat of organised attempts to defraud the benefit system and takes proactive steps to prevent same. The Department's Benefit Security Division is working towards a more joined up approach with other public sector bodies and has close working relationships with other organisations such as HM Revenue & Customs, Home Office, National Crime Agency, Gangmasters & Labour Abuse Authority, Criminal Assets Bureau, Border Force and the PSNI.
- **Cyber Fraud** – The introduction of Universal Credit as an online benefit brings new risks from cyber fraud. The Department worked closely with Cabinet Office to introduce an Identity Assurance solution to secure the gateway to benefits. Verify.gov.uk uses independent certified companies to build a profile to provide assurance that users are who they say they are and is vital in preventing identity theft and benefit fraud.
- **Collaborating and Partnering** – The Department recognises there are significant opportunities for collaboration between public sector authorities such as Legal Services Agency, NI Housing Executive, and Health & Social Care Business Services Organisation in the fight against customer fraud and error. These partnerships enable other organisations to benefit from expertise and experience within Benefit Security Division and promote a fairer society where public sector fraud, including benefit fraud, is not tolerated.
- **Communication** – continuing to remind staff and the wider public of the need to remain vigilant and to report suspected fraud.

5.5 In April 2018, an organisation restructure resulted in Single Investigation Service (SIS) being renamed Benefit Security Fraud & Compliance Operations and being subsumed into a wider Benefit Security Division.

Investigations, Penalties and Convictions

- 5.6 Benefit Security Division continues to focus on the prevention, detection and investigation of benefit fraud and error. In 2017-18 counter fraud activity led to a total of 681 administrative penalties, formal cautions, and convictions being imposed.

Financial Recoveries

- 5.7 Financial Investigation Unit continues to pursue assets of those convicted of serious benefit fraud using powers in the Proceeds of Crime Act 2002. During the 2017-18 year the Unit's intervention brought about the recovery of £489k of assets criminally obtained. This figure included confiscation orders to the value of £350k, and voluntary payments to the value of £140k.

Customer Compliance

- 5.8 Customer Compliance interviews have continued to generate very positive outcomes in correction and prevention of customer error. In the past year (2017-18) Customer Compliance Officers within SIS carried out 3,954 compliance interviews that resulted in changes in 26% of cases and led to £6.3 million in benefit adjustments. This in turn freed up investigators to focus on higher risk fraud cases and to maximise results from criminal investigations.

Organised Crime

- 5.9 During 2017-18 the Organised Fraud Unit completed investigations on 175 potentially serious and complex fraud allegations and identified fraud of almost £1.2m.

Data sharing and international co-operation

- 5.10 The Department continues to work closely with the Department for Work & Pensions and Department of Employment Affairs and Social Protection through the Cross Border Operational Forum and the higher level Memorandum of Understanding Committee. During 2017-18, the Department investigated a total of 16 cases with an element of cross border fraud,

uncovering overpayments amounting to £193k.

- 5.11 The UK Government has authority in matters of international relations, including relations with the European Communities. In that role DWP facilitates the Department for Communities' co-operation with social welfare providers abroad to develop international agreements for protection of their social security programmes. The agreements provide for exchange of information to prevent double provision and avoidance of payments continuing after the death of a claimant. The agreements are concerned principally with protection of state pensions and defining liaison arrangements on fraud outcomes. The International Pensions Centre in DWP handles the data transfers using encryption and applies rigorous data protection principles and obtains similar commitment from the participating agency abroad.

Northern Ireland Environment Agency (NIEA) – Environmental Crime

The threat

- 5.12 The threat posed by illegal waste activity was reported in the 2017 Organised Crime Task Force (OCTF) Annual Report and Threat Assessment which may be found at:
<https://www.octf.gov.uk/Publications/OCTF-Annual-Report-And-Threat-Assessment/OCTF-Annual-Report-Threat-Assessment-2017> (pages 34-35).

- 5.13 Waste crime is nothing new. Those who engage in industrial or commercial illegal waste activity show no inclination to scale back such operations. What is new is the realisation as to the extent of harm caused by such activity to our environment, to human health and of the costs to the public purse in repatriating or removing illegally deposited waste.

Confronting the threat: NIEA enforcement branch results

- 5.14 NIEA cannot tackle waste crime and the issues surrounding it in isolation. The key to success in tackling the problem is engagement with the industry, OCTF partners, other environment agencies and planning authorities. NIEA participates in the 'Five Nations Forum', (in which the Republic of Ireland joins England, Scotland, Wales and Northern Ireland agencies) in order to share information, resources and spread good practice. There is also significant

ongoing work between Central and Local Government with the aim of managing municipal waste.

5.15 Between 1 April 2017 and 31 March 2018, NIEA secured 27 convictions against individuals and businesses carrying out significant illegal waste activities. Sentencing outcomes produced fines totalling £52,000 with a range imposed between £500 and £6,500 and suspended terms of imprisonment. This compares to 26 convictions secured in the previous reporting year producing fines totalling £32,700.

5.16 In addition in this reporting period NIEA secured one confiscation order in the sum of £15,571. This sum represents avoidance by the defendant of payment of gate fee at licensed waste facility, landfill tax and VAT (a loss both to the revenue and to legitimate licensed waste facilities). The reduction in the number and value of confiscation orders in this reporting year is explained by:

(a) the earlier adoption of confiscation investigations at outset of criminal investigations and also by the time taken to progress cases through the criminal justice process;

(b) a number of cases where defendants have minimal assets or where defendants have presented themselves as bankrupt prior to conclusion of criminal proceedings and where to pursue confiscation proceedings would be a nugatory exercise;

(c) the courts have adopted an approach in encouraging defendants to clean up illegal waste sites. Where such encouragement has produced positive outcomes, confiscation proceedings are abandoned as a consequence of the case of *R v Waya* [2012] UKSC 51 which may be found at:

<http://www.bailii.org/uk/cases/UKSC/2012/51.html> (paragraph 28)

Forward look

5.17 Where defendants do embark on remediation/clear up of illegal waste sites and whilst *Waya* remains the applicable law, the benefits to the environment are obvious. However where this is not the case or where sites have been cleared and yet no evidence produced of removal of waste to licensed waste

facilities (to which gate fee, landfill tax and VAT must be paid, in addition to costs associated with removal), confiscation proceedings will continue to be rigorously pursued.

- 5.18 NIEA are proactively liaising with HMRC in respect of referrals or potential referrals to HMRC for consideration of civil actions against unlicensed landfill operators where it appears that the imposition of civil penalties may have a more positive outcome than that which might be true of the criminal justice regime.

Fraud Background

- 5.19 The avoidance of payments described above may constitute fraud as defined in the Fraud Act 2006. For example, this offence may be used against those who fail to disclose taxable income to HMRC. A confiscation order under the Proceeds of Crime Act effectively recovers the value of fraud which is also the value of benefit from criminal conduct.

Land and Property Services (LPS) – Benefit Fraud

- 5.20 LPS administer Housing Benefit for rates support for owner occupiers. The Housing Benefit scheme is a means tested benefit that provides assistance for rates to approximately 55,000 ratepayers at a total cost of approximately £36 million per year. The benefit is given to claimants by means of a non-cash credit applied against their rate liability – no actual money is paid out.
- 5.21 LPS take a zero tolerance approach to fraud and report all suspected fraud to Department for Communities Single Investigation Service. LPS will also report instances of fraud to the PSNI where appropriate. LPS fully participates in the NFI, investigating data matches in relation to payroll, pension, trade creditors, Rates and Housing Benefit data sets. The NFI for 2016/17 identified 8,636 cases, 8,636 were reviewed with no fraud detected. 57 cases with errors (amounting to 24,681.23 of overpayments) were identified and corrected. These errors occurred where the claimant failed to provide LPS with updated income for themselves or Non-Dependants living in the property, other errors included Housing Benefit paid by both Northern Ireland Housing Executive and LPS.

5.22 As at 30 March 2018, DfC's Standards Assurance Unit (SAU) carried out reviews on a sample of 263 active Housing Benefit claims within the LPS caseload. The published report indicated that 18 cases of customer fraud were detected. The instances reported consisted of 6 cases relating to undeclared income, 3 cases where the claimant had no liability, 8 cases of undeclared capital and 1 case where the claimant failed to declare a non dependant in the household. SAU reported an estimated level of customer fraud to be 5.0% of the LPS caseload. LPS are continuing to identify fraud through on-going case reviews throughout the rating year and have introduced procedures to gain real time information on earnings through DWP's Verify Earnings and Pensions (VEP) Alerts.

Legal Services Agency Northern Ireland – Legal Aid

5.23 In 2017/18 the Legal Services Agency (referred to as the 'Agency') was responsible for legal aid expenditure of approximately £79 million. The Agency had in place a counter fraud and error strategy which focused on the prevention, detection and investigation of persons who defrauded or attempted to defraud the Legal Aid Fund. The Agency considered it important that any suspected or reported cases of legal aid fraud were rigorously pursued.

Investigations and Sanctions

5.24 The Agency's Counter Fraud Unit undertook the investigation of all suspected fraud against the Legal Aid Fund. Frauds perpetrated included both applicant and supplier fraud. Applicants are members of the public who applied for legal aid whilst suppliers are members of the legal profession – solicitors and barristers. Primary sanctions used by the Agency included the revocation of an applicant's Legal Aid Certificate or seeking to withdraw Legal Aid assistance, which may leave the applicant responsible for payment of legal fees. In other instances cases were referred to the PSNI and, in these circumstances, an evidential package was prepared for potential prosecution. Members of the legal profession could also be referred to their respective regulatory bodies.

- 5.25 Between 1 April 2017 and 31 March 2018 the Legal Aid Counter Fraud Unit received 468 allegations of fraud of which, following assessment, 216 were registered for further investigation. In the same period the Unit revoked the Legal Aid certificates of 18 applicants and sought the withdrawal of Legal Aid assistance in 2 other cases.

Counter Fraud Strategy

- 5.26 Reducing fraud and error was a key priority for the Agency. The Agency used the investigative and legislative powers it had at its disposal to fully investigate those cases that might be fraudulent. The Counter Fraud Unit regularly made best use of management information within all operational areas as well as other internal and externally provided intelligence to help direct the focus of investigations into those areas considered to be of greatest risk of fraud. A range of initiatives were also undertaken within the Agency to help identify ways of strengthening investigative proactivity with the development of a shared service with the Benefit Security Division of the Department for Communities (DfC) as well as working with the National Fraud Initiative and Cabinet Office to establish a data matching arrangement and framework with HMRC to tackle applicant fraud.

Data Sharing and co-operation

- 5.27 The Agency worked closely with a number of government departments including the Legal Aid Assessment Office of the DfC which assesses the financial eligibility of each applicant for legal aid. The Agency also has a Memorandum of Understanding with PSNI for the referral of cases for potential prosecution.

NI Housing Executive (NIHE) - Tenancy Fraud

- 5.28 The Tenancy Fraud Unit of the NIHE is a sub unit of the Counter Fraud and Security Unit under the control of the Counter Fraud and Security Advisor. The Tenancy Fraud Unit began operating on the 1 August 2014 following a NIAO report titled 'Tackling Social Housing Tenancy Fraud in Northern Ireland'. The

unit expanded in size in 2015/16 and now has four members of staff working full time carrying out investigations into allegations of tenancy fraud.

- 5.29 Tenancy fraud is classified as:- abandonment with associated housing benefit; sub-letting; false succession/assignment/joint tenancies; giving false information in a housing application; and fraudulent Right to Buy Applications. One case can involve one or more of the above.
- 5.30 The recovery of social housing for re-allocation within the community and the prosecution of those who criminally abuse the system for their own benefit are the key priorities for NIHE. During the period 01st April 2017 to 31st March 2018 the tenancy fraud unit had a total of 300 referred cases of suspected tenancy fraud.
- 5.31 The case load within the unit emanates from a number of sources. A total of 126 cases were as a result of whistleblowing within the community; a further 118 cases were as the result of general housing management activity; 17 cases were referred from the Housing Benefit unit; 31 cases were referred from a neighbour, 4 were from NFI (National Fraud Initiative) and 4 cases were referred from the Police Service of Northern Ireland.
- 5.32 Of the total of 300 cases, 191 were in respect of alleged non-occupation and 46 were alleged to be sub-let for profit. Almost all had an alleged housing benefit fraud associated with the non-occupation and were referred to the relevant SSA Single Investigation Service team for their consideration. 29 cases related to alleged false assignment/joint tenancy/succession requests, 27 for alleged false housing applications, 2 relate to an alleged fraudulent Right to Buy and 5 relate to alleged tenancies obtained by deception.
- 5.33 As a result of investigations carried out by the Tenancy Fraud Unit, 10 fraudulent housing applications were withdrawn. This ensured that eligible families in need were able to be housed in the available accommodation.
- 5.34 In total, 59 properties were recovered as a result of investigations carried out by the Tenancy Fraud Unit. These properties became available for re-

allocation to those next on the housing waiting list. These successful investigations equated to a 'recovered property benefit' of £1,062,000.

- 5.35 The success of the unit, the recovery of properties for re-allocation and the benefit to the local communities should enable the development of greater community cohesion and cooperation in future years. Without the investigations carried out by the Tenancy Fraud Unit, these social homes would have remained unavailable for allocation to those in housing need.

NI Water - Unauthorised Connections / Meter Tampering

- 5.36 A total of 115 cases of unauthorised connections and meter tampering were considered/investigated by NI Water in 2017/18, an increase from the 89 cases in 2016/17. Cases are managed and investigated by NI Water's Compliance Investigation Team and in February 2018 the team's responsibilities was extended to cover all areas of NI Water enforcement.
- 5.37 As a result CIT now forms part of Claims and Compliance Unit (CCU) and arrangements are well advanced to increase staffing levels from three to six.
- 5.38 The primary function of CIT is to provide assurance of compliance with NI Water legislation by investigating actual/suspected unauthorised connections perpetrated against the company's water and sewerage infrastructure - and associated meter tampering. During 2017-18 the investigative work produced successful outcomes, including cautions and 40 warnings. In addition, legal proceedings has commenced in one case and is being considered for another two cases. These cases are expected to provide revenue costs of approximately £120k.

Health Sector – Business Services Organisation Counter Fraud Activity

Counter Fraud Services (CFS)

- 5.39 Counter Fraud Services provide a range of specialist counter fraud services to Health and Social Care (HSC) organisations and the Department of Health

(DoH). The Unit focuses on four strands of operation: fraud prevention, fraud investigation, fraud detection and probity services.

5.40 The Department extended the remit of the Unit to include taking, all appropriate action to investigate fraud or corruption against persons receiving services, including residential or other accommodation, provided or secured by an HSC body.

5.41 Throughout 2017/18 CFS further consolidated partnership working with HSC organisations through the establishment of secondary and social care groups.

Fraud Prevention

5.42 During 2017/18 CFS continued to deliver a range of activities aimed at increasing the level of fraud awareness of staff across the health and social care sector, including –

- 31 fraud awareness events across HSC organisations attended by 2,485 staff;
- publicised fraud news on Counter Fraud website and social media platforms which attracted some 54,000 views;
- issued 12 Fraud Alerts highlighting a range of scams;
- processed 120 fraud reports; and
- CFS led a number of regional events as part of International Fraud Awareness Week. Activities included, a new poster campaign, a new social media campaign, new promotional materials including Fraud Matters newsletter circulated to all HSC staff.

Fraud Investigations

5.43 The CFS investigators deal with a range of cases from straightforward to highly complex. In 2017/18 a total of 55 new cases were referred for investigation. This, added to the 75 investigations ongoing from previous years ensured another busy year for the team. The team also dealt with 43 incidents of fraudulent medication reports.

- 5.44 There were 26 sanctions applied during 2017/18 ranging from disciplinary action to custodial sentences as well as a number of financial recoveries.

Fraud detection

- 5.45 The Fraud Detection Team conducted screening exercises on over 100,000 patients registered with a GP in Northern Ireland (NI), which is the main route to accessing health and social care in NI. This resulted in 1072 persons being referred for removal from the NI GP register. By preventing these individuals who have no entitlement to free health services from using this route to gain entry to the healthcare system in NI, the estimated cost avoidance to HSC is £2,260,848.

Probity Services

Patient Exemption Claims to Ophthalmic and Dental Charges

- 5.46 The Probity Team carry out a range of both random and targeted checks where exemption from Health Service dental and/or ophthalmic charges has been claimed. Where patients have inappropriately claimed exemption from charges, the sums are required to be repaid and, where applicable fixed penalty and surcharges are applied.
- 5.47 A total of 48,065 dental and ophthalmic claims were selected for verification this year, resulting in some 6791 cases requiring further examination. Over £338k has been recovered directly by CFS compared to £132k during 2016/17, an increase of over £200k.
- 5.48 Throughout the year the team have carried out a review of their processes and have been working closely with checking agencies to deliver further improvement in the service delivery.

Post payment verification exercises

- 5.49 The Probity Team also undertake verification of payments made to primary care practitioners as a contribution to the overall assurance framework. The team undertook 501 post payment exercises and secured recoveries of almost

£115k.

134

NICS Group Fraud Investigation Service

- 5.50 Now in its third year of operation, the NICS Group Fraud investigation Service continues to be responsive to the needs of its clients, providing a professional fraud Investigation service to NICS departments and a range of Arm's Length Bodies.
- 5.51 During 2017/18, the Group Fraud Investigation Service received 43 fraud referrals, a number of which are on-going and are high value or of a sensitive nature. Similar to previous years, the most common type of potential fraud investigated was grant related followed by cases involving invoicing / payments. The Group Service provides valuable advice and support to clients when potential fraud is discovered along with advice on dealing with whistleblowing allegations and implementing system improvements.
- 5.52 The Group Fraud Investigation Service liaises closely with the PSNI to determine the most appropriate way forward in each case which may include, for example, criminal prosecution or internal disciplinary action. Where disciplinary action has been recommended, the Group Service liaises closely with NICS HR.