



Annual Audit Letter

Issued by the Local Government Auditor



Peace III Southern Partnership Joint Committee 2014-15

To the Members of Newry, Mourne and Down District Council

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1. Introduction

I have been designated the Local Government Auditor for the Peace III Southern Partnership Joint Committee by the Department of the Environment with the consent of the Comptroller and Auditor General for Northern Ireland.

2. Financial Statements

Summary of Audit Findings

Peace III Southern Partnership Joint Committee must prepare its accounts in accordance with International Financial Reporting Standards (IFRS) as interpreted for Local Government in the 'The Code of Practice on Local Authority Accounting in the United Kingdom' 2014-15. This code sets out the accounting treatment and disclosures for all normal transactions of local authorities.

The financial statements were signed by the Chief Executive of the lead council, Newry, Mourne and Down District Council, and approved on behalf of the Peace III Southern Partnership Joint Committee on 25 June 2015. This was within the statutory timeframe of 30 June. Following the audit, a number of presentational adjustments were required and the accounts were revised and re-signed on 21 October 2015 and published on the website of Newry, Mourne and Down District Council as the Joint Committee's lead council within the regulatory timeframe of 31 October.

For the year ended 31 March 2015 I gave the following unqualified opinion on the financial statements.

In my opinion

- the financial statements give a true and fair view, in accordance with relevant legal and statutory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2014-15, of the financial position of Peace III Southern Partnership Joint Committee as at 31 March 2015 and its income and expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006 and the Department of the Environment directions issued there under.

On 3 November 2015 my staff issued a Report to those charged with Governance on the results of the audit, noting the most significant issues. That report is presented separately to the Audit Committee of the lead council.

Financial Performance

The Statement of Comprehensive Income and Expenditure of the Peace III Southern Partnership Joint Committee shows that during the year ended 31 March 2015 the Joint Committee spent £1,529,270 on the provision of services. It also received income of £1,529,270.

The main items of expenditure were:

- Financial assistance to beneficiaries: £1,075,675
- Staff costs: £236,076

The main area of income was:

- Government Grant: £1,529,270

At the year end, Peace III Southern Partnership Joint Committee was owed £146,223 for costs incurred in administering the scheme.

3. Governance

The Good Governance Standard for Public Services¹ sets out the following key principles of good governance. Good governance means

- focusing on the organisation’s purpose and on outcomes for citizens and service users;
- performing effectively in clearly defined functions and roles;
- promoting values for the whole organisation and demonstrating the values of good governance through behaviour;
- taking informed, transparent decisions and managing risk;
- developing the capacity and capability of the governing body to be effective; and
- engaging stakeholders and making accountability real.

Annual Governance Statement

The lead council is required to conduct a review at least once in a financial year of the effectiveness of its governance framework (including its system of internal control) and to then approve an Annual Governance Statement².

I am required to report if the Annual Governance Statement

- does not reflect compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2014-15;
- does not comply with proper practices specified by the Department of the Environment; or
- is misleading or inconsistent with other information I am aware of from my audit.

I have no inconsistencies to report as a result of my review of the Statement. The Joint Committee noted no significant governance issues in its Governance Statement.

¹ The Good Governance Standard for Public Services, OPM and CIPFA, 2004

² Local Government (Accounts and Audit) (Amendment) Regulations (NI) 2006 and DOE circular LG/04/08

Internal Audit

The Local Government (Accounts and Audit) (Amendment) Regulations (NI) 2006 requires Councils to maintain an adequate and effective system of internal audit and to conduct a review at least once in a financial year of the effectiveness of its system of internal audit. No specific Internal Audit work has been conducted in relation to the Joint Committee in year as the lead council did not consider the Peace programme to be a significant risk.

The Peace III programme was also subject to regular verification audits by SEUPB staff in 2014-15 and resulted in error rates ranging from 0.02% to 0.32%. I acknowledge that the Joint Committee introduced a number of measures to reduce the error rate and minimise the risk of ineligible expenditure.

Audit Committee

There is no requirement for the Joint Committee to have a separate Audit Committee but it should follow the practices put in place by the lead council's Audit Committee. The lead council's Audit Committee should also be kept aware of any issues affecting the Joint Committee.

Other matters of interest

The current Peace III programme has now ended and the final accounts for Peace III Southern Partnership Joint Committee is for the 2014-15 financial year. It is important that any outstanding debtor and creditor balances are fully resolved by Newry, Mourne and Down District Council as soon as possible. I understand that a new Peace IV programme is to be implemented; however, the administration of this funding and the running of the programme still has to be clarified.

4. Closing Remarks

The letter is addressed to the Members of Newry, Mourne and Down District Council and prepared for the sole use of the audited body. No responsibility is taken by auditors to any member or officer in their individual capacity, or to any third party. The factual accuracy of this Audit Letter has been agreed with the Chief Executive of the lead council of the Joint Committee.

The lead council of the Joint Committee has taken a positive and constructive approach to our audit. I would like to take this opportunity to express our appreciation for the lead council's assistance and co-operation. This letter will be presented to your Audit Committee by my staff and I have asked for copies to be sent to all Members.

Louise Mason

Local Government Auditor

4 November 2015