

April 24th, 2018

Notice Of Meeting

You are invited to attend the Audit Committee Meeting to be held on **Thursday, 26th April 2018 at 2:00 pm** in **Mourne Room, Downshire.**

The Members of the Committee are:

Mr Joe Campbell (Independent Chairperson of Audit Committee)

Councillor Patrick Brown

Councillor Charlie Casey

Councillor Laura Devlin

Councillor Jarlath Tinnelly

Councillor Terry Hearty

Councillor Mark Murnin

Councillor Glyn Hanna

Councillor Michael Ruane

Councillor Gareth Sharvin

Councillor John Trainor

Agenda

1.0 Apologies & Chairperson's Remarks

2.0 Declarations of Interest

3.0 Action Sheet arising from Audit Committee Meeting held on 11 January 2018

 *Audit Action Sheet - 11012018.pdf*

Page 1

Corporate Services

4.0 Corporate Risk Register

 *Corporate Risk Register April 18.pdf*

Page 5

 *CRR April 2018.pdf*

Page 6

5.0 Fraud & Whistleblowing Update

 *Fraud and Whistleblowing Cover Sheet - April18.pdf*

Page 23

 *Summary Fraud and WB Register 17-18.pdf*

Page 24

6.0 Direct Award Contracts

 *DAC cover sheet.pdf*

Page 26

 *STAs Q4.pdf*

Page 27

 *STAs Q4-Tascomi.pdf*

Page 28

7.0 Update on Audit Recommendations

 *Update on Audit Recommendations - April 2018.pdf*

Page 30

 *Audit Follow Up Tracker.pdf*

Page 32

 *Audit Follow Up Tracker-appendix2.pdf*

Page 33

8.0 Update on Procurement

 *Procurement Cover Sheet - April 2018.pdf*

Page 35

9.0 Prompt Payments

 *Prompt Payment cover sheet.pdf*

Page 37

10.0 Managing the Risk of Bribery & Corruption - Action Points

 *Managing the Risk of Bribery and Corruption actions.pdf*

Page 39

11.0 Year End Accounts Update 2017/18?

 *Timetable for Accounts cover sheet 2018.pdf*

Not included

 *Timetable for Accounts Preparation 2018.pdf*

Not included

12.0 Audit & Risk Assurance Committee Handbook Revision

 *Audit Committee Handbook.pdf*

Page 40

For Noting

13.0 Circulars

13.1 LG 01/18 - Designation of Local Government Auditor

 *Ig-01-2018-letter-to-councils-designation-of-lga-.pdf*

Page 42

13.2 LG 05/18 - Accounts Direction for District Councils 2017/18

 *Ig05-18-cover-letter.pdf*

Page 43

 *Ig05-18-circular-annexa.pdf*


Page 45

 *Ig05-18-circular-annexb.pdf*

Page 51

Items Restricted in accordance with Part 1 of Schedule 6 of the Local Government Act (NI) 2014

14.0 Draft Performance Improvement Objectives 2018-19

 *AC Report - Performance Improvement Objectives 2018-19.pdf*

Not included

 *Appendix 1 - Consultation on Draft Performance Improvement Objectives 2018-19.pdf*

Not included

 *Appendix 2 - Overall approach to develop the Performance Improvement Plan 2018-19.pdf*

Not included

15.0 Correspondence from SOLACE re: Performance Audit and

Assessment

 *Letter to P McCreedy.pdf*

Not included

16.0 NIAO Improvement Audit and Assessment Report - Update on the Proposals for Improvement

 *Cover Report - Proposals for Improvement Progress Report.pdf*

Not included

 *Appendix 1 - Proposals for Improvement Progress Report.pdf*

Not included

NIAO (CLOSED SESSION)

17.0 Performance Improvement Strategy 2017-18

 *L Hannaway 18 4 18.pdf*

Not included

 *NMD Performance Improvement and Assessment Audit Strategy 2018-19.pdf*

Not included

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

18.0 Internal Audit Summary Report

 *201718 NMDDC Summary progress report to Audit Committee - April 2018.pdf*

Not included

19.0 Annual Assurance Report 2017-18

 *201718 NMDDC Annual Assurance Report - Final.pdf*

Not included

20.0 Internal Audit Plan 2018-19

 *201819 NMDDC IA Plan - draft for Audit Committee approval.pdf*

Not included

21.0 Audit Follow-up 2016-17 Report

 *201718 NMDDC Follow Up - Final report.pdf*

Not included

22.0 Review of Planning Report

 *201718 NMDDC Planning - Final report.pdf*

Not included

23.0 Disaster Recovery and Progress on Implementing IT Strategy Report

 *201718 NMDDC Disaster recovery and progress on implementing IT strategy Final Report.pdf*

Not included

24.0 Procurement Review

 201718 NMDDC Procurement review - Stage 1 Final Report.pdf

Not included

25.0 Internal Audit Contract Extension

 Internal Audit Contract Cover Sheet.pdf

Not included

For Discussion/Decision

26.0 To agree meeting date for June/July meeting

Suggested date 4th or 5th July 2018

ACTION SHEET – AUDIT COMMITTEE MEETING**11 JANUARY 2018**

Minute Ref	Subject	Decision	Lead Officer	Actions taken/ Progress to date	Remove from Action Sheet Y/N
AC/03/2017	Action Sheet of Audit Committee Meeting 26 September 2017	Noted. Remove actions marked for removal.	ALL	Noted	Y
AC/04/2018	Audit Committee Self-Assessment	Audit Committee Self- Assessment 2017/18 Approved.	J Campbell	Approved.	Y
AC/05/2018	Annual Review of Chairperson's Performance	Assessment of the Chairperson's Performance noted.	L Hannaway	Noted.	Y
AC/06/2018	Corporate Risk Register	Corporate Risk Register Approved.	D Carville	Approved	Y
AC/07/2018	Fraud & Whistleblowing	Fraud and Whistleblowing Report Noted.	G Byrne	Noted.	Y
AC/08/2018	Direct Award Contract (DAC) Register	Direct Award Contract Register Report Noted.	K Montgomery	Noted.	Y

AC/09/2018	Update on Audit Recommendations	Update on Audit Recommendations noted.	G Byrne	Noted.	Y
AC/10/2018	Update on Procurement	Procurement Update Noted.	K Montgomery	Noted.	Y
AC/11/2018	Prompt Payment Statistics	Prompt Payment Statistics noted.	K Montgomery	Noted.	Y
AC/12/2018	Managing the Risk of Bribery and Corruption	Managing the Risk of Bribery and Corruption report noted.	G Byrne	Noted.	Y
AC/13/2018	Improvement Audit and Assessment Report 2017/18	Improvement Audit and Assessment Report 2017/18 including the proposals for improvement noted.	J McBride	Noted.	Y
AC/14/2018	NIAO Change Letter	Correspondence from NIAO regarding the NIAO Director Responsibilities noted.	ALL	Noted.	Y
AC/15/2018	Annual Audit Letter 2016/17	Correspondence from the NIAO regarding the Annual Audit Letter: NMDDC 2016/17 noted.	ALL	Noted.	Y
AC/16/2018	Audit Strategy 2017/18	Audit Strategy 2017/18 AGREED.	ALL	Agreed.	Y
AC/17/2018	Report to those Charged with Governance	Report to those charged with governance 2016/17 noted.	ALL	Noted.	Y

	2016/17				
AC/18/2018	Internal Audit Asset Summary Report	<p>Agreed to split the procurement audit into 2 separate audits. The first audit will review the new procurement policy and associated templates and will be presented at the April Committee. The second procurement audit will test the compliance with the new policy and procedures and will be presented at the September Audit Committee.</p> <p>Also agreed that:</p> <ul style="list-style-type: none"> • A status report on the Grants Database be brought back to Committee. • That an update on the 2014 Condition Survey is taken back to SMT for discussion and necessary action. • That Cllr Hearty's comments re funding for Rural Development Programme are relayed to the Chair of the RD Committee. • That the Planning Draft Report would be deferred to the Audit Committee in April to be considered with management responses included. 	D Carville/G Byrne	<p>Agreed – procurement audit to be taken forward as agreed.</p> <ul style="list-style-type: none"> • Grants database OBC to be considered by ITPG on 2.5.18. • Completed – SMT considered Feb. 2018. • Completed, correspondence passed to Kevin McGarry. • Planning report on agenda April 2018. 	<p>Y</p> <p>N</p> <p>Y</p> <p>Y</p> <p>Y</p>

AC/19/2018	Big Screen Lessons Learned Report	Correspondence from ASM regarding the Big Screen Lessons Learned noted. Remove corresponding action from Action Sheet.	ALL	Noted.	Y
AC/20/2018	Mid Yr Progress Report Performance Improvement Plan 2017/18	Mid Yr Progress Report Performance Improvement Plan 2017/18 noted.	J McBride	Noted.	Y
AC/21/2018	Operator Licence VOSA Audit	VOSA report noted. Refer monitoring of action plan to RTS Committee.	Noted.	A Wilkinson/G Byrne	Y
END					

Report to:	Audit Committee
Date of Meeting:	26 April 2018
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

Decisions required:	
For consideration and noting.	
1.0	Purpose and Background:
1.1	<p>Corporate Risk Register: The SMT routinely review the Corporate Risk Register on a quarterly basis. At April SMT meeting a detailed review of the Corporate Risk Register was carried out. Following this review, a number of changes were made to reflect the changing risk environment, as well as updating any actions taken to date in the period.</p> <p>Assurance Statements Directorate Assurance Statements are due to be completed by the end of April 2018 for the period 1 January 2018 to the 31 March 2018. These Assurance statements we be used to provide the detail for the Annual Governance Statement in the accounts.</p>
2.0	Key issues:
2.1	<p>From the SMT review on the 10 April 2018 a number of key changes were made to the CRR:</p> <ul style="list-style-type: none"> • CR. 09 - Transformation of Services (TOM): This risk has now been populated and there a number of actions which need to be completed over the next 12 months. • Numerous other 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.
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	None
6.0	Appendices
	Appendix I: NMD Corporate Risk Register – April 2018

1. Corporate Risk Register NMDDC

20/04/2018 11:15:55

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Risk CR. 01 - Failure to develop and improve our tourism offering

Consequence	5						Risk Categories	Business operational/reputational		
	4		R	G			Risk Description	Failure to attract visitors and be considered a top destination in Ireland. Risk Appetite - Open		
	3		T				Potential Root Cause	Failure to engage stakeholders (public & private sector) Lack of central government buy in Lack of cohesive political buy in North & South Failure to identify appropriate market segments		
	2						Consequence	Loss of Civic pride and negative PR Negative economic impact on the borough failure to deliver objectives of the tourism strategy Reduced visitor number and spend		
	1						Risk Owners	Marie Ward		
		1	2	3	4	5	Gross/Inherent Risk	Amber 12	Last Review	30/11/2017
							Residual Risk	Yellow 8	Next Review	01/03/2018
							Target Risk Level	Green 6	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.
5. Lead the regeneration of our urban and rural area

Key Controls Identified

1. Effective engagement and collaboration political backing
2. Dedicated tourism team in place
3. Tourism Elected Members Task and Finish Group in place
4. Regular scrutiny of budget variances by SMT and within Directorates
5. Tourism Strategy Launched

Action Plans

	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Tourism Forum	Establishment of a Tourism forum incorporating private and public sector stakeholders	In Progress	Marie Ward	31/10/2018	In progress - Visitor Experience Plans went to ERT committee in November 2017. Two different steering groups have been formed. One for Geo Park and one for visitor experience. These are at a critical stage and it is envisaged they will be merged to establish a tourism forum in the coming months.
Visitor Expeierence	To Develop two visitor experience plans, one for the Mourmes and one for Slieve Gullion.	In Progress	Marie Ward	31/05/2018	Outline was presented to Tourism T&F group in November 2017. Plan now complete and new visitor experience being brought to the market from April 2018.

Risk CR. 02 - Failure to deliver the capital investment programme for the District

Consequence	5					G	Risk Categories Buildings / Engineering / Environment Business operational/reputational Financial	Risk Description Failure to adequately resource the capital programme Failure to effectively manage capital contracts Risk Appetite - Neutral	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				
	4					R							
	3		T										
	2												
	1												
		1	2	3	4	5							
Probability							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	Last Review 10/04/2018			
							Residual Risk Amber 16	Next Review 09/07/2018	Risk Appetite Risk Averse				
							Target Risk Level Green 6						

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	31/05/2018	In Progress - Newry DEA surpluses identified and brought to SPWG for agreed actions. Downpatrick DEA commenced.
Business Cases	A business case specification is currently being developed. This will link in the Councils new Procurement Policy (approved at SP&R in December 2017). Therefore every item of capital spend will need to be approved via a business case proportionate to the value and a number of options will be assessed.	Completed	Dorinnia Carville	31/03/2018	Completed - Business cases developed and agreed by SMT and currently being used by staff
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	30/06/2018	Three risk registers now in place. One for each project Cost are significantly higher than estimated (communications group underestimated) Executive Office are resubmitting business case to DOF with revised costings.
Structure and Training	Ensure the Capital / Estates structure is in place with the right number of resources and skill set	In Progress	Dorinnia Carville	31/08/2018	In progress - Structure agreed, Heads of Service now in place and recruitment ongoing for remaining posts.

Risk CR. 03 - Breach of legislation in relation to the procurement

Consequence	5					Risk Categories Financial Impact on individuals (staff or public) Quality of Service Statutory Duty (Legal/Regulatory)	
	4				R		G
	3						
	2						
	1						
		1	2	3	4		5
Probability						Risk Description Breach of legislation in relation to the procurement of goods and services and works Risk Appetite - Averse	
						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	Last Review 10/04/2018
						Residual Risk Amber 16	Next Review 09/07/2018
						Target Risk Level Yellow 8	Risk Appetite Risk Averse

Last Review 10/04/2018

Next Review 09/07/2018

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	30/09/2018	Currently legacy contracts are being analysed to see where contracts can be merged to achieve economies of scale. ongoing process.
Purchasing Policy	Development of a new Procurement Policy with the policy to be reviewed on an annual basis. This will include thresholds and who has responsibility for what level of purchasing.	Audit Recommendation	Ken Montgomery	02/02/2018	Revised Procurement Policy passed through SP&R in December 2017 and ratified by Council in January 2018. This is a more user friendly version for all staff involved in purchasing. Suite of documents including business case template approved by SMT - Completed
Training	Formal training to be rolled out to all relevant officers on e-hub, the purchasing policy and general best practice on procurement.	Audit Recommendation	Ken Montgomery	31/05/2018	Training now arranged, Florence Gregg to deliver the training. Staff involved in procuring and developing business cases have been identified. Training is being rolled out the first two weeks in June 2018

Risk CR. 04 - Non-compliance with legislative requirements

Consequence	5					G	Risk Categories	Business operational/reputational Impact on individuals (staff or public) Statutory Duty (Legal/Regulatory)		
	4						Risk Description	Failure to have the necessary policies and procedures in place with staff adequately trained to comply with the necessary legislation. Risk Appetite - Averse		
	3		T	R			Potential Root Cause	Failure to understand legal requirements in relation to H&S & Information Management (GDPR) Lack of resources Untrained staff		
	2						Consequence	Non-compliance leading to prosecution Reputational Damage Reduced trust and public confidence Increased number of complaints and queries		
	1						Risk Owners	Dorinnia Carville; Michael Lipsett; Adam Wilkinson		
		1	2	3	4	5	Gross/Inherent Risk	Red 25	Last Review	10/04/2018
							Residual Risk	Yellow 9	Next Review	09/07/2018
							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 information management)
- 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. The principles are similar to those in the DPA with added detail at certain points and a new accountability requirement which will require the Council to show how it complies with the principles of the DPA 1998 eg. by documenting the decisions it takes about a processed activity.	In Progress	Alison Robb	25/05/2018	Crown Records Management have been procured to commence a Gap Analysis on what is needed to be compliant with GDPR. Audit to begin on the 26 April 2018 and has a three week turn around time. This will provide an action list of how NMDDC will become compliant.

Risk CR. 05 - Failure to effectively manage waste

Consequence	5						Risk Categories	Buildings / Engineering / Environment Quality of Service Statutory Duty (Legal/Regulatory)		
	4			R		G	Risk Description	Failure to effectively manage waste Risk Appetite - Averse		
	3			T			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		
	2						Consequence	Reputational Issues Lower customer satisfaction impact on service delivery and lost productivity		
	1									
		1	2	3	4	5				
Probability							Risk Owners	Roland Moore		
							Gross/Inherent Risk	Red 20	Last Review	10/04/2018
							Residual Risk	Amber 12	Next Review	09/07/2018
							Target Risk Level	Yellow 9	Risk Appetite	Risk Averse

Objectives

- 1. Become on of the premier tourism destination on the island of Ireland
- 4. Protect our natural and built enviornment
- 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
Education Programme	To ensure the education programme with regards to recycling and targets reaches a wider audience	In Progress	Roland Moore	01/06/2018	AD of waste to implement education programme.
Long term strategic plan	Implementation of long term strategic plan	In Progress	Roland Moore	31/03/2019	The LT strategic plan refers to the Councils 9 point plan. Each of these 9 points has a separate action and target date.
RTS Resources	Review of the adequacy of resources within RTS in light of the rise in complaints	In Progress	Roland Moore	30/06/2018	Council approved a Report December 2017, presented by previous Interim Director, following a review of staffing levels relating to Refuse and Cleansing Services. The Report recommended the recruitment of additional staff members following assessment that the services were under-sourced. At the April 2018 RTS committee it was agreed that full staffing levels should be achieved by June 2018.

Risk CR. 06 - Failure to provide timely planning decisions

Consequence	5					Risk Categories	Business operational/reputational Financial	
	4				G	Risk Description	Failure to provide timely planning decisions Risk Appetite - Averse	
	3			T	R	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	
	2					Consequence	Litigation Reputational issues Lower Customer satisfaction Impact on service delivery and lost productivity Financial implications resulting in budget constraints	
	1					Risk Owners	Marie Ward	
		1	2	3	4	5	Gross/Inherent Risk	Red 20
							Residual Risk	Amber 12
							Target Risk Level	Yellow 9
							Last Review	10/04/2018
							Next Review	09/07/2018
							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	31/12/2018	The backlog has reduced from 1600 cases to approximately 900 as at end of March 2018. Dedicated team in place to reduce back log - The target is to get the number of live cases to 750.
Delivery of a new Development Plan	The target is to issue a local development plan in March 2018. From this point it will be a 40 month programme. There are 5 dedicated officers including a manager working on the development plan.	In Progress	Anthony Mckay	30/06/2018	The first part of the LDP was to publish a preferred options paper by the end of the financial year. This has slipped, however the preferred option paper will be presented at a special Council meeting in May 2018 and published in June 2018.
IT	Upgrade of technical IT infrastructure (EPIC Replacement)	In Progress	Anthony Mckay	30/09/2018	All Council will be getting their IT infrastructure upgraded at the same time. AD meets other Councils regularly to discuss options/issues.

Risk CR. 07 - Failure to have necessary staffing structures and resourcing to deliver efficient and effective services

Consequence	5					G	Risk Categories Business operational/reputational Impact on individuals (staff or public) Quality of Service Risk Description Failure to have necessary staffing structures and resourcing to deliver efficient and effective services Risk Appetite - Neutral/Averse Potential Root Cause Due to TUPE protection of the T&C's of transferred employees, a range of T&C's exist which reflect different contractual arrangements -Length of hour contracts, Annual Leave, Public holidays and job roles and descriptions need consistency. Failure to have an effective working relationship with Trade Unions Failure to attract and retain employees Cultural differences between the two legacy Councils and a resistance to change Restructuring the number of Directorates from five to four - SPP no longer exists Consequence Low staff morale and increase in absenteeism Industrial Action Increase in use of overtime and also increase in the use of agency staff Negative impact on service delivery and lost productivity Negative PR for the Council Risk Owners Dorinnia Carville Gross/Inherent Risk Red 25 Residual Risk Amber 12 Target Risk Level Green 4	
	4			R				Last Review 10/04/2018
	3							Next Review 09/07/2018
	2		T					Risk Appetite Risk Averse
	1							
		1	2	3	4	5		
Probability								

Objectives

- 2. Attracted Investment and supported the creation of new jobs.
- 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. Policies and procedures in place
- 2. Monitoring of absenteeism by SMT
- 3. Qualified HR, IT & Finance professionals in place
- 4. Detailed budgeting process in operation
- 5. Member led efficiency working group
- 6. Processes in place for specifying and filing posts (Matching, trawling, public advert)
- 7. Dedicated Learning and Development Policy in place
- 8. SMT managed the transition of the restructuring the number of Directorates from five to four

Action Plans

	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
New Structures	Engage independent advice to review senior structures and to cost potential new structures	Completed	Liam Hannaway	28/02/2018	Completed - Independent consultant brought a report to Council in January 2018. The Directorate structures have been reformed. ERT now includes Building Control and Planning Functions. Neighbourhood Services directorate replaces RTS, and includes the Waste and Facilities Management functions.
Organisation Design	Embedding org. design -Commence Tier 4 appointments process -Commence Tier 5 appointments process	In Progress	Catrina Miskelly	30/09/2018	Tier 4 now complete, Tier 5 is in progress.
Succession Planning	Succession planning to be completed for replacement RTS Director	Completed	Liam Hannaway	30/11/2018	Acting RTS Director in place since February 2018. The permanent RTS Director job specification will be completed soon and recruitment process will commence.

Risk CR. 08 - IT Services do not support the Statutory, Strategic or Operational requirements of Council

Consequence	5					G	Risk Categories	Business operational/reputational Impact on individuals (staff or public) Quality of Service
	4					R	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 Risk Appetite - Neutral
	3			T			Potential Root Cause	Resistance to change both internally and externally Lack of resources for new IT system / network Lack of staff with specialist expertise
	2						Consequence	Resources not used effectively Poor service delivery IT system becoming obsolete
	1						Risk Owners	Dorinnia Carville
Probability							Gross/Inherent Risk	Red 25
							Residual Risk	Amber 16
							Target Risk Level	Yellow 9
							Last Review	10/04/2018
							Next Review	09/07/2018
							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	In Progress	Gavin Ringland	30/09/2018	A number of audits and assessments have taken place, with actions ongoing to address recommendations. Keys systems to enhance reliability of systems at procurement stage.
IT Strategy	Implement the Councils IT strategy and review regularly	In Progress	Gavin Ringland	31/03/2020	IT Strategy progressing in line with budget. Some delays with procurement but it is progressing.

Risk CR. 09 - Failure to develop a transformational programme of organisational change that addresses Local Government Form and delivers efficiencies and improvement

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

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

Amber 16

Target Risk Level

Amber 12

Last Review

10/04/2018

Next Review

09/07/2018

Risk Appetite

Risk Neutral

Objectives

- 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
Appoint a programme co-ordinator to improve capacity and support	Appoint a programme co-ordinator to improve capacity and support	In Progress	Johnny McBride	31/05/2018	In progress
Develop and agree Transformational Vision (ToM) with elected members	Develop and agree Transformational Vision (ToM) with elected members. Create a ToM and secure the support, buy-in and agreement of key decision makers.	In Progress	Johnny McBride	30/04/2018	In progress
Develop and implement controls for tracking the realisation of business benefits.	Develop and implement controls for tracking the realisation of business benefits.	In Progress	Johnny McBride	30/06/2018	In progress
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	Johnny McBride	30/12/2018	In progress
SMT to promote transformational projects to be progressed	SMT to promote transformational projects to be progressed	In Progress	Johnny McBride	30/04/2018	In progress

Risk CR. 10 - Failure to adequately react to a major incident

Consequence	5				G		Risk Categories Buildings / Engineering / Environment Business operational/reputational Impact on individuals (staff or public) Statutory Duty (Legal/Regulatory)
	4		T	R			
	3						
	2						
	1						
		1	2	3	4	5	
Probability							
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 Risk Appetite - Averse							
Potential Root Cause Natural disasters Camlough Reservoir Localised flooding Harbour disasters Fire Significant IT failure							
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 10/04/2018							
Next Review 09/07/2018							
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

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	31/01/2019	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. 11 - 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

Consequence	5						Risk Categories	Impact on individuals (staff or public) Quality of Service		
	4				R	G	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		
	3			T			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 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		
	2						Consequence	Lack of investment and economic activity Loss of confidence from the private sector Negative PR Poor service delivery		
	1									
		1	2	3	4	5	Risk Owners	Liam Hannaway; Marie Ward		
Probability							Gross/Inherent Risk	Red 20	Last Review	10/04/2018
							Residual Risk	Amber 16	Next Review	09/07/2018
							Target Risk Level	Yellow 9	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, The NI Executive, NILGA and the Private Sector through the Chamber of Commerce

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	30/07/2018	Various initiatives ongoing
City Deals	Actively engage in Belfast Region City Deals process planning	In Progress	Liam Hannaway	30/12/2018	Engagement and planning ongoing

Report to:	Audit Committee
Date of Meeting:	26 April 2018
Subject:	Fraud and Whistleblowing
Reporting Officer (Including Job Title):	Gerard Byrne, Audit Services Manager
Contact Officer (Including Job Title):	Gerard Byrne, Audit Services Manager

Decisions required: For Noting	
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 20 April 2018. To Notify the Audit Committee of any developments from previous Fraud and Whistleblowing Cases since the last meeting until 20 April 2018 2018.
2.0	Key issues:
2.1	<ul style="list-style-type: none"> No new suspected fraud cases since the last Committee. Two new whistleblowing cases since the last Audit Committee. See Appendix for more details.
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	None
6.0	Appendices
	Appendix I: Summary fraud and whistleblowing register

Summary Fraud Register – 2017/18 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.	Internal Audit brought a procurement lessons learned report to the January 2018 Audit Committee. Case ongoing.	22 February 2017	27 April 2017

Summary Whistleblowing Register – 2017/18 Financial Year

Reference no.	Directorate	Sender / Notifier	Brief Summary	Latest update	Date Audit Services Manager was Informed	Date Audit Committee was informed
WB 11	Legacy Council	Internal	Suspected irregularities around procurement procedures in Legacy Newry and Mourne.	Internal investigation underway. The Fraud Response Group had one meeting and has decided to carry out further investigatory work around the allegations. Ongoing.	14/08/2017	26/09/2017
WB 12	AHC	Internal	Allegation of a number of Health and Safety concerns in Newry Leisure Centre.	A fully independent investigation has been completed by a company who specialise in leisure centre H&S. Final report issued on the 29 November 2017 with associated recommendations. The Head of Indoor Leisure now has a working action plan to alleviate any concerns raised. Case Closed.	21/09/2017	11/01/2017
WB 14	RTS	Anonymous letter to CE	The allegation was that a member of Council staff who was absent due to sick leave was working in another organisation.	Investigation carried out in conjunction with HR. Third party organisation contacted. Prior to scheduling an interview with the accused Council Officer, the Council Officer tendered their resignation. Case Closed.	19/04/2018	26/04/2018
WB 15	RTS	Anonymous letter to CE	A council officer was coerced into accepting the blame for a vehicle collision for financial and repair gain.	Contacted insurance department for information. Accident occurred in legacy Newry Council in 2013. Case ongoing.	18/01/2018	26/04/2018

Report to:	Audit Committee
Date of Meeting:	26 April 2018
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

Decisions required:	
For Consideration and noting	
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 fourth quarter of the 2017-18 financial year, the Council awarded 14 contracts by way of Direct Award (with a value greater than £5k). The total value of these contracts was £124,587.
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	None
6.0	Appendices
	Appendix 1: DAC/STA Report – 4 th Quarter 2017/18

STA Report from 1 Apr 2017 - 31March 2018									
	Product	Cost Code Item / Project / Location	STA Total Price	Reasoning Provided	Company	Requisitioner	PO	Date of PO	Authoriser
4th Quarter									
46	St Patrick's Landing Re-enactment, Inch Abbey, March 2018	1154/E101/3361	6,600.00	Sole supplier - creation or acquisition of a unique work of art/ artistic performance;	Magnus Viking Association	Charlotte Anderson	123867	05/01/2018	Marie Ward
47	St Patricks Parade Newry Downpatrick STREETWISE	1154/E001/2045	7,120.00	An open call for an expression of interest was advertised in the Belfast Telegraph on the 20/11/2017 - unique artistic performance.	Streetwise Performance Ltd	Gillian Armstrong	124188	18/01/2018	Andy Patterson
48	St Patricks Parade Newry Downpatrick BEEM	1154/E001/2045	7,455.00	An open call for an expression of interest was advertised in the Belfast Telegraph on the 20/11/2017 - unique artistic performance.	Beam Creative Networks	Gillian Armstrong	124187	18/01/2018	Marie Ward
49	St Patricks Parade Newry Downpatrick INISHOWN	1154/E001/2045	7,900.00	An open call for an expression of interest was advertised in the Belfast Telegraph on the 20/11/2017 - unique artistic performance.	Inishowen Carnival Group	Gillian Armstrong	124190	18/01/2018	Marie Ward
50	Repairs to Link Corridor Mon	1031 / Z / 2280	5,000.00	H&S Concerns	WR Jenkins & Co Ltd	Aidan Mallon	124193	18/01/2018	Kevin Scullion
51	St Patricks Parade Newry Downpatrick ARTSEEKA	1154/E001/2045	7,380.00	An open call for an expression of interest was advertised in the Belfast Telegraph on the 20/11/2017 - unique artistic performance.	ArtsEkta Ltd	Gillian Armstrong	124434	25/01/2018	Marie Ward
52	St Patricks Parade Newry Downpatrick Young At Arts	1154/E001/2045	5,200.00	An open call for an expression of interest was advertised in the Belfast Telegraph on the 20/11/2017 - unique artistic performance.	Young at Art Events Ltd	Gillian Armstrong	124432 +3	25/01/2018	Marie Ward
53	St Patricks Parade Newry Downpatrick Flowing Tides	1154/E001/2045	4,990.00	An open call for an expression of interest was advertised in the Belfast Telegraph on the 20/11/2017 - unique artistic performance.	Sherrie Scott	Gillian Armstrong	124476	26/01/2018	Marie Ward
54	St Patricks Parade Newry Downpatrick Francis Morgan	1154/E001/2045	6,792.00	An open call for an expression of interest was advertised in the Belfast Telegraph on the 20/11/2017 - unique artistic performance.	Francis Morgan	Gillian Armstrong	124529	30/01/2018	Marie Ward
55	GIANT St Patrick Dpatrick Francis Morgan	1154 / E101 / 3361	20,000.00	Sole supplier - creation or acquisition of a unique work of art/ artistic performance;	Francis Morgan	Tamara O'Rourke	124715	09/02/2018	Marie Ward
56	Sandbar Removal Newcastle Harbour	1171 / Z / 3421	9,150.00	Lack of time to complete a competitive process. Had to be completed by end of March 2018.	ELVIS KIRK CONTRACTS	Cristina Gaillard	124859	08/02/2018	Marie Ward
57	Tailteann Games Camlough	1154 / E101 / 3361	7,000.00	Sole supplier - creation or acquisition of a unique work of art/ artistic performance;	Magnus viking association	Emma Bell	125209	20/02/2018	Marie Ward
58	Cross Border Orchestra St Pats 2018	1154 / E101 / 3361	15,000.00	Sole supplier - creation or acquisition of a unique work of art/ artistic performance;	Cross Border Orchestra of Ireland	Tamara O'Rourke	125549	27/02/2018	Marie Ward
59	CCTV Surveillance in 4 Areas for 12 Months	1031 / Z / 2256	15,000.00	No Further costs will be borne by the Council from the 31 March 2019 following a full withdrawal from Public Space CCTV.	Lisburn Commerce Against Crime	Johnny McBride	126525	27/03/2018	Liam Hannaway
			124,587.00						
Management have considered the high level of DAC/STA award in relation to tourism and events. Therefore within the internal audit plan for 2018/19, 10 days have been set aside to focus on spend incurred in running festivals and to have a look at the volume of STAs/DACs being awarded in respect of these events.									

Tascomi 2017

Product		Cost Code Item / Project / Location	STA Total Price	Reasoning Provided
119922	Te-License Annual Maintenance and Support from 19/10/2017 - 18/10/2018 (14 Users) [4228.20	1202/Z/3090		
121324	Annual Support and Maintenance for Tascomi T-Dogs [4061.42]	1202/Z/3090		
121364	Annual Renewal and Maintenance of Tascomi Te-Environment System [15868.5]	1202/Z/3090		
34 Tascomi Te-Build System (Software as a service)		1202/Z/3090	32,284.00	Awaiting STA FORM

Company	Requistio ner	PO	PO Total Price	Date of PO	Authorise r
Tascomi	Gavin Ringland	119922	4,228.20	31.7.17	Gavin Ringland
Tascomi	Gavin Ringland	121324	4,061.42	22.10.17	Dorinnia Carville
Tascomi	Gavin Ringland	121364	15,868.50	5.11.17	Dorinnia Carville
			24,158.12		
Tascomi	Gavin Ringland				Dorinnia Carville
Total above:			56,442.12		

Report to:	Audit Committee
Date of Meeting:	26 April 2018
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

Decisions required:

Members are asked to note the report and to recommend that the Audit Services Manager communicates progress made on the 2016/17 Internal Audit Recommendations to Audit Committee.

1.0

Purpose and Background:

1.1

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 financial year.

At the Audit Committee on the 26 September 2017, it was agreed that the Audit Committee would also review an update on NIAO recommendations from 2015/16.

2.0

Key issues:

2.1

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.

April 2017

	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

The table below demonstrates the progress made to December 2017.

April 2018

	Fully Implemented	Partially implemented	Not implemented	N/A	Not yet due for implementation	Total
Priority 1	5	2	0	3	1	11
Priority 2	18	2	0	1	0	21
Priority 3	8	1	0	1	0	10
Total	31	5	0	5	1	42

	<p>ASM have now completed their follow up of the 2016/17 audit. A review of these recommendations will be reported to the June 2018 Audit Committee. The Audit Services Manager will keep a record on the 6 outstanding recommendations from the 2015/16 audits to ensure they are fully implemented when possible.</p> <p><u>NIAO Recommendations</u></p> <p><i>2015/16</i></p> <table><tr><td></td><td>Fully Implemented</td><td>Partially implemented</td><td>Not implemented</td><td>N/A</td><td>Not yet due for implementation</td><td>Total</td></tr><tr><td>Priority 1</td><td>2</td><td></td><td></td><td></td><td></td><td>2</td></tr><tr><td>Priority 2</td><td>4</td><td>3</td><td></td><td></td><td></td><td>7</td></tr><tr><td>Priority 3</td><td>2</td><td></td><td></td><td></td><td></td><td>2</td></tr><tr><td>Total</td><td>8</td><td>3</td><td>0</td><td>0</td><td>0</td><td>11</td></tr></table> <p><i>2016/17</i></p> <table><tr><td></td><td>Fully Implemented</td><td>Partially implemented</td><td>Not implemented</td><td>N/A</td><td>Not yet due for implementation</td><td>Total</td></tr><tr><td>Priority 1</td><td></td><td>2</td><td></td><td></td><td></td><td>2</td></tr><tr><td>Priority 2</td><td>2</td><td>3</td><td></td><td></td><td></td><td>5</td></tr><tr><td>Total</td><td>2</td><td>5</td><td>0</td><td>0</td><td>0</td><td>7</td></tr></table>		Fully Implemented	Partially implemented	Not implemented	N/A	Not yet due for implementation	Total	Priority 1	2					2	Priority 2	4	3				7	Priority 3	2					2	Total	8	3	0	0	0	11		Fully Implemented	Partially implemented	Not implemented	N/A	Not yet due for implementation	Total	Priority 1		2				2	Priority 2	2	3				5	Total	2	5	0	0	0	7
	Fully Implemented	Partially implemented	Not implemented	N/A	Not yet due for implementation	Total																																																										
Priority 1	2					2																																																										
Priority 2	4	3				7																																																										
Priority 3	2					2																																																										
Total	8	3	0	0	0	11																																																										
	Fully Implemented	Partially implemented	Not implemented	N/A	Not yet due for implementation	Total																																																										
Priority 1		2				2																																																										
Priority 2	2	3				5																																																										
Total	2	5	0	0	0	7																																																										
3.0	Recommendations:																																																															
3.1	<p>Audit Committee members to note column headed 'Status at April 2018' as an indication of progress being made and actions being taken to address recommendations as noted by management.</p> <p>Members to recommend that the Audit Services Manager follow up on the 6 outstanding recommendations from the 2015/16 internal audit process, but for the June committee to provide an update on the progress in implementation of the 2016/17 Internal Audit recommendations.</p>																																																															
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	None																																																															
6.0	Appendices																																																															
	Appendix 1: 2015/16 Follow up tracker Appendix 2: NIAO recommendations																																																															

ASM REF	Recommendation	Priority	Management Comment	Status	Responsibility	Timeframe	At March 2017	Status at April 2018
Off Street Car Parking - RTS - Limited Assurance 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 2019.
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 2019.
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.	not yet due for implenatation
Corporate Governance - CS - Satisfactory Assurance Rating								
A4	We recommend that the Articles detailed in the Constitution are reviewed at the end of the 2015/16 year to ensure they continue to remain appropriate. Going forward, we consider that there should be a target review date for all governance related documents.	2	Articles of the Council's Constitution are currently under review and a redrafted Constitution will be presented to Council prior to December 2016. A target review date for all governance documents will be added.	Partially Implemented	Eileen McParland	Dec-16	We note that the Council's Constitution was reviewed during November and December 2016. We note that the revised Constitution was approved by the Council's Strategy, Policy and Resources Committee during December 2016, and ratified by Council on 9 January 2017. We note that while some governance related documents have been updated since our initial review and now include a target review date (e.g. Scheme of Allowances Payable to Councillors), there are a number of governance related documents that have not been updated and therefore do not currently include a target review date (e.g. Planning Committee Operating Protocol).	PI - The Democratic Service Manager has arranged for the requirement for a review date to be advised to all Directors and Assistant Directors to ensure this is activated on all such documents in the future.
Leisure Services - AHC - Satisfactory Assurance Rating								
A5	We recommend that the Council's website is utilised to provide information on the available leisure services, including prices. We consider that the use of the legacy Council's websites may not be the most appropriate communication channel.	2	On the completion of the new website, this information should be included	Partially implemented	Roland Moore	Jan-17	We note that the Council's new website has not yet been completed. However, our review identified that while information on leisure services, including prices is available, visitors to the Council website will continue to be directed to the legacy Council's websites to access the appropriate guidance.	PI - New website still not complete. However an Interim Website detailing all legacy information should be operational by the end of the summer.
C4	We recommend that the Council considers the availability and financial viability of an integrated software solution which can provide centralised control of pricing at each Leisure Centre	3	This Matter is under consideration	Partially implemented	Roland Moore	Jan-17	We note that the Council have established a Corporate IT Strategy. As part of this, we note that the Leisure Management System Project, which aims to provide an integrated software solution across all leisure centres, received authorisation to proceed, from the Senior Management Team on 10 January 2017.	PI - Equity have currently put this out to tender. Tenders are being evaluated presently and hope to award within the next month. By the time Newry Leisure Centre opens at the end of the summer, a centralised pricing software solution will be operational.

		Recommendation	Priority	Management Comment	Status	Responsibility	Timeframe	As At April 2018
2015-16 RTTCWG								
3	IT Controls	The Council should address weaknesses in its IT controls as a matter of urgency by reviewing the adequacy of the current arrangements and putting more robust controls in place where weaknesses are identified.	1	Accepted	Partially Implemented	Gavin Ringland	ongoing	Council approved an IT Strategy during 2016-17 which is a four year project to strengthen controls and transform the IT service provision of the Council. Year 1 is focused on addressing the key weaknesses in the IT environment and in doing so, improving IT controls. Governance arrangements have been established around the programme and key projects completed or underway to date are the renewal of MS licensing, WAN, LAN and WIFI replacement. These projects are key in laying suitable foundations to improve the control environment and to enhance our IT services.
7	Grants Database	The Council should consider maintaining a grants database in respect of grant income due to be received. This database should be reviewed on a periodic basis. The Council should put adequate procedures in place so that it is able to provide an appropriate analysis of the SIF Peace IV balance recorded in the financial statements at any particular time - it should ensure that there is adequate reconciliations being undertaken, at project level, of grants paid out and corresponding monies due to be received.	2	Accepted	Partially Implemented	Ken Montgomery	Mar-17	The Assistant Director of Community engagement has put a business case forward to ITPWG for the purchase of a grants Database in March 2018. Approximate purchase cost - £20k.
9	High Level Monitoring controls over the completeness of income at outstations	We recommend that Council consider implementing reasonableness monitoring checks as one of its controls to ensure that income appears complete.	2	Accepted	Partially Implemented	Ken Montgomery	Dec-16	The responsible Directorates have been requested to initiate reasonableness checks as part of the Management Accounting process.
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 will be rolled out to staff in June 2018 to budget holders focusing on the Councils procurement procedures, how to evaluate tenders and use of the e-Hub system. 2. A rolling contracts register is being developed and will be completed in the summer 3. Training on the new procurement policy in the new year will reinforce 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	Partially Implemented	Ken Montgomery	Apr-18	Similar to the point above. A new procurement policy is effective from mid January 2018. Training will be rolled out in June 2018.
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	Partially 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	Partially 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.

Report to:	Audit Committee
Date of Meeting:	26 April 2018
Subject:	Update on Procurement
Reporting Officer (Including Job Title):	Gerard Byrne, Audit Services Manager
Contact Officer (Including Job Title):	Ken Montgomery, Assistant Director of Finance

Decisions required:	
Members are asked to note the report.	
1.0	Purpose and Background:
1.1	<p>At the Audit Committee meeting of 29 June April 2017 it was agreed that procurement would be standing agenda item.</p> <p>This 2015-16 follow up Internal Audit review completed by ASM did not consider the Council's progress in implementing the recommendations made in their 2015/16 report on Purchasing, Procurement and Contract Management due to the limited progress in implementing the recommendations.</p>
2.0	Key issues:
2.1	<p>Work has been on-going over the last number of months to help strengthen the Councils controls in relation to procurement, and to put forward an action plan to implement ASM's recommendations.</p> <p>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.</p> <p>At the February SMT meeting, the Business Case templates and procedures were approved. The templates have already being road tested in a live environment prior to the approval by SMT. This led to some minor tweaks to the templates.</p> <p>Training has been scheduled. Procurement expert, Florence Gregg will be delivering training to the appropriate staff from the beginning of June 2018 at both the Newry and Downpatrick sites. The training will cover drafting business cases, drafting tender documents, tender evaluation and training on the Councils e-hub system (delivered in house/First Derivatives).</p> <p>A training session is being held for Directors, Assistant Directors and Head of Service in May 2018. Schedules currently being looked at. Florence Gregg will also deliver this training.</p> <p>ASM have completed stage one of their procurement internal audit that focuses on the Procurement Policy and supporting documentation. The revised policy and suite of documents has received a satisfactory assurance. There are a few</p>

	<p>comments / observations on the policy and supporting procedures. This will be actioned this week and the policy revised prior to the training commencing.</p> <p>A contracts register is currently being developed. Legacy contracts are being reviewed to see were the Council can make efficiencies by utilising economies of scale.</p>
3.0	Recommendations:
3.1	Audit Committee members to note progress being made from last committee.
4.0	Resource implications
4.1	A number of the actions contain significant resource implications in officer time.
5.0	Equality and good relations implications:
5.1	None
6.0	Appendices
	None

Report to:	Audit Committee
Date of Meeting:	26 April 2018
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

Decisions required:																													
Members are asked to note the report on prompt payments for the quarter ended 31 December 2017 and 31 March 2018.																													
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 supplierstotal number of invoicesnumber of invoices paid within 10 working daysnumber of invoices paid within 30 calendar daysnumber 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><i>1 October 2017 to 31 December 2017</i></p> <table><tr><td></td><td>Paid within 10 Days</td><td>Paid within 30 Days</td><td>Paid outside payment period</td><td>Total Invoices</td></tr><tr><td>Number of Invoices</td><td>339</td><td>5312</td><td>1024</td><td>6,336</td></tr><tr><td>Percentage</td><td>6%</td><td>84%</td><td>16%</td><td>100%</td></tr><tr><td>Value</td><td>£1,060,186</td><td>£14,325,873</td><td>£2,033,489</td><td>£16,359,362</td></tr><tr><td colspan="5">Average number of days to pay suppliers - 24</td></tr></table>				Paid within 10 Days	Paid within 30 Days	Paid outside payment period	Total Invoices	Number of Invoices	339	5312	1024	6,336	Percentage	6%	84%	16%	100%	Value	£1,060,186	£14,325,873	£2,033,489	£16,359,362	Average number of days to pay suppliers - 24				
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Average number of days to pay suppliers - 24																													

	<i>1 January 2018 to 31 March 2018</i>				
		Paid within 10 Days	Paid within 30 Days	Paid outside payment period	Total Invoices
	Number of Invoices	563	4912	657	5569
	Value	10%	88%	12%	100%
	Percentage	£1,547,035	£8,535,075	£5,226,650	£13,761,725
	Average number of days to pay suppliers – 22				
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	None				
6.0	Appendices				
	None				

Report to:	Audit Committee
Date of Meeting:	26 April 2018
Subject:	Managing the Risk of Bribery and Corruption - Actions
Reporting Officer (Including Job Title):	Gerard Byrne, Audit Services Manager
Contact Officer (Including Job Title):	Gerard Byrne, Audit Services Manager

Decisions required: For Noting	
Audit Committee to note the progress on actions.	
1.0	Purpose and Background:
1.1	<p>On the 14 November 2017 the NIAO released a good practice guide for all Northern Ireland Public Sector bodies on 'Managing the risk of Bribery and Corruption'.</p> <p>Included within the best practice guide was a self-assessment Checklist which was completed for NMDDC. The Council was largely compliant with the majority of the bribery and corruption checklist, however from completing the checklist we had a list of actions to progress.</p>
2.0	Key issues:
2.1	<ol style="list-style-type: none"> 1. NMDDC need to develop a Conflicts of Interest Policy – <i>Draft Policy has been completed and will be presented to SP&R next month.</i> 2. The Request for Quotation (RFQ) and Invitation to Tender (ITT) templates should be updated to ensure there is a link to the NMDDC Anti-Fraud Policy and Fraud Response Plan – <i>Completed, templates now updated.</i> 3. Standard Terms of Contract will include a statement on the risk of termination of a contract where bribery or corruption is suspected or proved – <i>Completed, Belfast Legal drafted the standard terms of contract, which the procurement unit will now issue.</i> 4. Those employees at a higher risk of bribery and corruption (e.g. those who work within procurement, planning or regulatory functions) should be given more detailed, tailored anti-bribery and corruption training – <i>No formal training given to date, although advice has been sought from the Audit Services Manager who is in regular contact with both the Procurement and Grants units.</i>
3.0	Recommendations:
3.1	Audit Committee to note the progress on the actions from the Self-Assessment Checklist.
4.0	Resource implications
4.1	None
5.0	Equality and good relations implications:
5.1	None
6.0	Appendices
	none

Report to:	Audit Committee
Date of Meeting:	26 April 2018
Subject:	Audit and Risk Committee Handbook (NI) 2018
Reporting Officer (Including Job Title):	Gerard Byrne, Audit Services Manager
Contact Officer (Including Job Title):	Gerard Byrne, Audit Services Manager

Decisions required: For Noting	
Audit Committee to note the revisions to the Dear Accounting Officer Letter.	
1.0	Purpose and Background:
1.1	The purpose of this DAO is to advise of the issue of an updated version of the Audit and Risk Assurance Committee Handbook (NI). This refreshed version of the Audit and Risk Assurance Committee (ARAC) Handbook continues to set out a clear set of principles that should be followed by ARACs. The essence of these have not changed, however the areas of whistleblowing and cyber security have been included among the key questions for an ARAC to ask have been included at Annex F. A printed copy of the new handbook has been provided to all members and will be provided to new members as part their Audit Committee Induction Pack.
2.0	Key issues:
2.1	<p>Update provided on the Whistleblowing and Cyber Security Sections:</p> <p>On the organisation's whistleblowing arrangements, how do we know that:</p> <ol style="list-style-type: none"> <i>There are appropriate and effective whistleblowing practices in place?</i> NMDDC revised it whistleblowing policy in June 2017. The policy was revised in line with best practice and was reviewed by the NIAO Fraud Unit prior to the policy being ratified by Council. Compulsory governance awareness sessions were arranged for all staff within the Council in November 2017. Whistleblowing was one of the topics covered. 585 staff attended the various sessions held. <i>These provide suitable channels for staff and others to raise their concerns?</i> Section 10 of the policy details how an individual can raise a concern. There are 4 different steps. <i>The policies appropriately cover the issues on confidentiality and anonymity?</i> Sections 8 and 9 of the policy deals with confidentiality and anonymous allegations respectively. <i>That whistle-blowers are offered appropriate support and provided with suitable and timely feedback?</i> Section 11 details how the Council will deal with Whistleblowing concerns and section 7 details the assurances that are in place for staff.

	<p>5. <i>That concerns raised are dealt with properly and reported to senior management?</i> Appendix 3 of the policy sets out in detail how the Council will deal with all whistleblowing concerns. All whistleblowing concerns raised are reported to Audit Committee quarterly.</p> <p>On the risk of cyber security, how do we know that:</p> <ol style="list-style-type: none"> 1. <i>There is sufficient assurance that the organisation is properly managing its cyber risk, including having appropriate risk mitigation strategies?</i> 2. <i>The organisation has properly identified and evaluated the cyber security risk?</i> 3. <i>There are proper governance arrangements and controls to protect from, detect and respond to cyber security attacks/incidents?</i> 4. <i>The organisation has suitably skilled and experienced staff, or access to such staff to deal with incidents?</i> 5. <i>There is suitable awareness and ongoing training within the organisation on the risk from cyber attack?</i> 6. <i>The organisation's Senior Information Risk Owner (SIRO) is a key source of information on these issues?</i> <p>The area of cyber security is a fast evolving area and key to achieving robust risk management in this area is having robust and stable IT infrastructure which is currently being addressed through the IT transformation programme. At present management's response to this risk area is more reactive than proactive and improvements will be made through the IT transformation.</p>
3.0	Recommendations:
3.1	Audit Committee to note the revisions to the Dear Accounting Officer Letter.
4.0	Resource implications
4.1	None
5.0	Equality and good relations implications:
5.1	None
6.0	Appendices
	None



Chief Executive of each District Council,
 Finance Officer of each District Council,
 Mr D McCallan, Chief Executive, NILGA
 Dr A Kerr, Chief Executive, LGSC,
 Mr D Murphy, Secretary, NILGOSC,
 Ms L Mason, Local Government Auditor,
 Mrs C Kane, Director, NIAO,
 Mr J Quinn, Chief Executive, arc21
 Other interested parties

Local Government & Housing Regulation
 4th Floor
 Causeway Exchange
 1-7 Bedford Street
 Town Parks
 Belfast
 BT2 7EG

Telephone: 028 90823375
 Our ref: CO1/18/12180
 Email: Jeff.glass@communities-ni.gov.uk

Date: 9 January 2018

Circular LG 01/2018

Dear Sir/Madam

DESIGNATION OF LOCAL GOVERNMENT AUDITOR

This circular brings to your attention a forthcoming change in the designation of the Local Government Auditor. The detail is set out in the following paragraphs.

Article 4(1) of the amended Local Government (Northern Ireland) Order 2005 (the 2005 Order) provides that the Department may, with the consent of the Comptroller and Auditor General for Northern Ireland (the C&AG), designate a member of staff of the Northern Ireland Audit Office (NIAO) as the local government auditor.

Under Article 4(2) of the amended 2005 Order, the local government auditor may make arrangements with the C&AG for members of the staff of the NIAO to assist in the performance of the local government auditor's functions.

Article 4(3) of the amended 2005 Order further provides that the Department may, with the consent of the C&AG, designate a member of the staff of the NIAO to be known as the deputy local government auditor.

The Department has consulted with the C&AG and, with effect from 1 January 2018, has designated Pamela McCreedy as Local Government Auditor and assigned Pamela to audit the accounts of every local government body.

Yours sincerely

JEFF GLASS



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 05/18

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

Your reference:
Our reference:
Date: 8 March 2018

Dear Chief Executive

ACCOUNTS DIRECTION 2017/2018: 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. I have enclosed the following documents that will help you to prepare the accounts for 2017/18:

Cover letter – as per this document;

Annex A - Circular No LG 05/2018 Accounts Direction to Councils 2017/18;

Annex B - Accounts Direction for 2017/18;

Annex C - Pro forma Accounts for District Councils

Annex D - Accounts Direction Schedules;

Annex E – Remuneration Report notes

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 (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 05/18

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

Your reference:
Our reference:
Date: 9 March 2018

Dear Chief Executive

ACCOUNTS DIRECTION 2017/18: NORTHERN IRELAND DISTRICT COUNCILS

1. Following discussion 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.
2. 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 Department hereby directs that the accounts for the year ended 31 March 2018 should comply with the attached Direction. The Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 came into operation on 1 April 2015. Circular LG 30/15, issued on 19 November 2015, provides guidance on the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015.
3. In relation to the statement of accounts practitioners should be reminded that as a result of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 there were a number of changes to the statement of accounts.
4. Regulation 7 of the 2015 Regulations provides that a larger local government body must ensure that its statement of accounts is prepared in accordance with the 2015 Regulations, in accordance with proper accounting practices and in the form directed by the Department including a remuneration report. The prescribed template has been included within the District Council Accounts Pro-forma. The Remuneration Report contains a link on Councils' websites to information on members' allowances and expenses. The data on members' allowances and expenses should be audited alongside the main Remuneration Report. Therefore the information that is intended to be published on members' allowances and expenses should be submitted to the Local Government Auditor at the same time as the Statement of Accounts.
5. Regulation 8 of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015. Firstly, the unaudited statement of accounts do not need to be approved

by a committee, as the Chief Financial Officer only needs to certify the unaudited statement of accounts before the 30 June. Secondly, the date by which the statement of accounts must be approved by a committee of that body or by members of the body meeting as a whole is 30 September following the end of the financial year to which the statement relates. It is also the date the audit is to be certified therefore please arrange in advance a suitable timetable for the audit process of the accounts with the Local Government Auditor. As a guide, Councils should arrange these Committee meetings for one to two weeks prior to the 30 September to allow audit certification by 30 September 2018. This is set out in paragraph 17 of LG 30/2015.

6. Following the expansion on the requirements of Narrative reporting in Section 3.1 of the Code of Practice on Local Authority Accounting 2017/18 to reflect the Financial Reporting Council guidance on the Strategic Report. Councils are recommended to comply fully with the code by ensuring that the Narrative Report provides an analysis of the development and performance of the Council in the financial year and its position at the end of the year and the financial and non-financial performance indicators as relevant the performance of the Council.
7. The CIPFA/LASAAC Code Board has developed a Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 (the Code) which is based on International Financial Reporting Standards. This document is recognised by the Department as a comprehensive statement of accounting practice to be followed in preparing a local authority's annual statement of accounts. Please refer to this document for key accounting changes in 2017/18. In addition these key accounting changes will be covered at CIPFA training events.
8. The telling the Story review of the presentation of local authority financial statements resulted in the 2016/17 Code changing the segmental reporting arrangements for the Comprehensive Income and Expenditure Statement and introduced the Expenditure and Funding Analysis. District councils are no longer required to report the cost of individual services in their Comprehensive Income and Expenditure Statement in accordance with SeRCOP, instead councils will report performance in the Comprehensive Income and Expenditure Statement and the Expenditure and Funding Analysis on the basis of how they are structured and how they operate, monitor and manager financial performance. The purpose of the Expenditure and Funding Analysis is to bring together the funding framework and the accounting framework by service. The Expenditure and Funding Statement takes net expenditure chargeable to taxation and rents reconciling this to the Comprehensive Income and Expenditure Surplus or deficit on the Provision of Services. District Councils in Northern Ireland will implement the Telling the Story requirements when reporting financial performance in 2017/18. The new reporting format will require fully retrospective restatement in accordance with IAS1. There is no impact on the balance sheet as a result of this change in accounting policy as such a third balance sheet is not required.
9. 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.
 - As a result of the implementation of Telling the Story, Councils will no longer refer to the SeRCOP when presenting performance in the Comprehensive

Income and Expenditure Statement instead Councils shall present the analysis on the basis of how they operate, monitor and manage financial performance.

- From 2017/18 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 sooner valuation.
- Actuarial valuations – You should be sure that information passed to/obtained from external experts, prior to using that information in compilation of the financial statements, is appropriate. Where councils have had a significant change in structure (impacting pensions) management should consider these implications with the appropriate authorities such as NILGOSC and the Actuary Aon Hewitt. Please note that the Auditors are likely to request this information for review.
- Pension accounting - Councils should account for the estimated contribution as contained in the actuaries 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, where you are discounting provisions, you should ensure that you are complying with the requirements of the Code including IAS 37 on “Provisions, contingent liabilities and contingent assets”. Councils are advised to use the ArlingClose and CIPFA recommended discount rates based on National Loans Fund (NLF) borrowing rates for use in valuing landfill provision. For 2017/18 accounts, the Department would request that councils approach their financial adviser and ask them to obtain the updated NLF rates to be applied with an explanation of the basis and rationale for these rates.
- 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 updated 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. I would remind you that Councils are also required to advise the Department of how much of their allocation was used in the previous financial year and in tandem with the Accounts Direction should be provided no later than 30 June 2018. Please note that estimates are not acceptable when councils advise the Department how much of their allocation was used in the previous financial year. Detailed supporting information/

calculations must also be provided at this time to substantiate that figures are final and not estimates. An email or hard copy return will suffice.

- 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. Practitioners will need to determine whether they are acting as agents or principals as this determines whether transactions are fully reflected in the authority's financial statements. Practitioners should refer to section 2.6 of the Code.
 - 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. As in the previous year the auditors will look closely at the impact of these on the financial statements, including the Minimum Revenue Provision (MRP) charged to the General Fund and the note on financing capital expenditure. You should pay close attention to ensuring that Note 11 within the pro forma accounts is reconciled to the CFR calculation, and also ensure MRP charges reflect the policy agreed by the Council and that there is evidence of the appropriate submissions to council by the CFO as required under the Prudential Code arrangements.
10. The Department would also draw your attention to the letter dated 14 December 2017 from the Local Government Auditor– 2017. CIPFA will refer to this in their close down training scheduled for April 2018.
11. Please note the following:
- Where councils have established subsidiaries to undertake the operating activities, the additional reporting requirements of the Code and the Accounts Directions should be applied to subsidiary accounts. Additional requirements include disclosures such as a remuneration Report 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 receipt of the annual audit letter from the local government auditor." Whilst councils normally satisfy this legislative requirement by making the document available on their websites, you are reminded of the need to ensure this is completed in a timely manner.
 - As per 6 (1) of Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 "A local government body must undertake an adequate and effective internal audit of its accounting records and of its system of risk management, internal control and governance processes using internal auditing standards in force from time to time". International Standard 1300: Quality Assurance and Improved Program notes that internal assessments must include ongoing monitoring of the performance of internal audit activity. It is important that all councils continue this system of internal audit including a review of its effectiveness.

- Councils should have in place arrangements to ensure that members and employees are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders and should ensure that these arrangements operate effectively.
 - All suspected, attempted and actual fraud should be reported to the Local Government Auditor on a more formal basis. 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.
12. Key changes from last year's Accounts Pro forma, and other points to note, are as follows:
- The implementation of Telling the Story has introduced the Expenditure and Funding Analysis which has been included as a note in the Accounts Pro Forma along with supporting sub notes.
 - As the Comprehensive Income and Expenditure Statement and the Expenditure and Funding Analysis report performance on the basis of how the council is structured and how they operate, monitor and manage financial performance. The input CIES tab of the accounts Pro Forma no longer refers to individual services specified in Section 3 of SeRCOP. As such, the input CIES tab allows councils to specify the format in which they wish to report income and expenditure.
13. I should like to remind you that, in accordance with regulation 13 of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015, "except with the consent of the local government auditor, accountsmust not be altered after the date on which they are first made available for inspection in pursuance of regulation 12", which relates to public inspection of accounts.
14. The Accounts Pro forma asks that the Chief Financial Officer certify that "the statement of accounts presents a true and fair view of financial position of the local government body at the end of the year to which it relates and of that local government body's income and expenditure for the year". This has been incorporated into The Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 under Regulation 8.
15. As in previous years separate Accounts Directions will be issued by the Department in respect of Smaller Local Government Bodies.
16. CIPFA have established a Yammer group "CIPFA TASS Group" https://www.yammer.com/cipfa.org/#/threads/inGroup?type=in_group&feedId=10248813&view=all as a forum for Local Government Finance Officers'.
17. Further information regarding the Rates Support Grant pro-forma will be issued in due course.

18. Should you need clarification about 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 2018.

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 2017/18 (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 2018, 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)
 - Movement in Reserves Statement (Schedule 1)
 - Comprehensive Income and Expenditure Statement (Schedule 2)
 - Balance Sheet (Schedule 3)
 - Cash Flow Statement (Schedule 4)

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 8 of this Direction. The regulation 4 of Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 requires the body or committee must approve an "Annual Governance Statement" prepared in accordance with proper practices on internal control. Circular LG 30/2015 states that "Proper practices are those set out in Delivering Good Governance in Local Government: Framework, published by the Chartered Institute of Finance and Accountancy (CIPFA) in 2007.
5. Circular LG 16/12 advised on the financial arrangements for specific landfill sites. Those councils that sought and obtained Departmental agreement to spread costs for affected landfill sites, creating a negative Landfill Regulations Reserve, should continue to account for these costs as agreed with the Department. Other councils that want to mitigate these costs must obtain agreement from the Department. Please refer to Schedule 9 of this Direction for details on accounting for these costs.
6. Circular LG 28/13 advised of financial arrangements for discounting provisions. 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. Please refer to Schedule 10 of this Direction for details on accounting for these costs.
7. Circular LG21/14 sets out the criteria for capitalisation directions. If applicable, you should refer to guidance issued by CIPFA regarding the Accounting for Capitalisation Directions.
8. As per 2016/17 financial year please note within the 2017/18 Accounts, a Remuneration Report should be completed under Schedule 7. The format of the Remuneration Report was agreed in conjunction with the Finance Working Group and TASS Working Group members and broadly follows the Remuneration Report as incorporated within the accounts of Scottish and Welsh Public Sector bodies. LG 30/15 Part 6 – Format of the Remuneration Report for Councils provide a template of the Report. The Remuneration Report contains a link on Councils' websites to information on members' allowances and expenses. The Department would request that the data on members' allowances and expenses should be available to be audited alongside the main Remuneration Report. Therefore the information that is intended to be published on members' allowances and expenses should be submitted to the Local Government Auditor at the same time as the Statement of Accounts.
9. Please note that where a council has Group accounts, the Department would advise that they should adhere to the CIPFA Code of Practice states in

paragraph 3.4.2.34 that “A local authority shall present Group Accounts in addition to its single entity financial statements where required by chapter nine of the Code.”

10. 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** following the financial year to which they relate. As outlined in Annex A Point 5, the earlier closing date of 30 September 2018 will mean councils should arrange in advance a suitable timetable for the audit process of the accounts with Audit Office.

Dated 8 March 2018

Signed by authority of the Department for Communities

JEFF GLASS