

## NEWRY MOURNE AND DOWN DISTRICT COUNCIL

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### **Minutes of Audit Committee Meeting held on Monday 4 July 2016 at 2.15pm in the Commedagh Room, Downshire Estate, Downpatrick**

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**Chairperson:** Mr J Campbell Independent Member (2.15pm – 4.40pm)  
Councillor G Sharvin (4.40pm – 4.55pm)

**In Attendance: (Committee Members)**

Councillor P Brown  
Councillor C Casey  
Councillor L Devlin  
Councillor C Enright  
Councillor T Hearty  
Councillor M Murnin  
Councillor M Ruane  
Councillor G Sharvin  
Councillor J Trainor

**(Non Members)**

Councillor P Clarke

**Officials in Attendance:**

Mr L Hannaway	Chief Executive
Ms D Carville	Director Corporate Services
Mr E Curtis	Director Strategy Policy & Resources
Ms B Phillips	Finance Manager
Mr K Montgomery	Assistant Director of Finance
Mr G Byrne	Audit Services Manager
Mr D Barter	Procurement Manager
Ms E McParland	Democratic Services Manager
Ms L Dillon	Democratic Services Officer

**Also in Attendance:**

Ms C Hagan	ASM (Internal Auditors)
Mr S Knox	Northern Ireland Audit Office

### **AC/48/2016: APOLOGIES AND CHAIRPERSON'S REMARKS**

The following apologies were received:

Ms M Ward Director Enterprise Regeneration & Tourism  
Ms C Kane Northern Ireland Audit Office

Mr Campbell welcomed everyone to the meeting, including the new members of the Audit Committee and the Members who had served on the Committee during the 2015/16 period. He welcomed Mr S Knox NIAO, and introduced Ms C Hagan from ASM Limited, who are the Council's internal audit providers.

Mr Campbell also welcomed Ms B Phillips Finance Manager, Mr D Barter, Procurement Manager and Mr G Byrne who was the new Audit Services Manager and he wished Mr Byrne well in his post.

**AC/49/2016: DECLARATIONS OF INTEREST**

Mr J Campbell Independent Chairperson, declared an interest in Agenda Item 21 regarding Chairman's Additional Time Claim re: Investigations into governance issues raised by Councillor C Enright, and said he would remove himself from the meeting during discussion on this item, at which point he would seek a proposal to appoint an interim Chairperson.

**AC/50/2016: ACTION SHEET  
MINUTES OF SPECIAL AUDIT COMMITTEE MEETING  
TUESDAY 19 APRIL 2016**

Read: Action Sheet arising out of Minutes of Special Audit Committee Meeting held On Tuesday 19 April 2016. (Copy circulated)

Mr Campbell said that, subject to approval by the Audit Committee, it was proposed the items contained on the Action Sheet from Minutes of the Special Audit Committee Meeting held on Tuesday 19 April 2016, be forwarded to the appropriate Council Committee for action and therefore be removed from the Audit Committee action list going forward.

**AGREED: It was therefore unanimously agreed that items contained on the Action Sheet from Minutes of the Special Audit Committee Meeting held on Tuesday 19 April 2016, be forwarded to the appropriate Council Committee for action and therefore be removed from the Audit Committee action list going forward.**

**(1) Renewable Energy at new Down Leisure Centre**

Councillor Enright said he had expressed concerns regarding costs to externally commission reports and he believed that Council staff should be reviewing the content of external reports to ensure the content could be validated.

**Noted:** Decisions regarding the provision of renewable energy at the new Down Leisure Centre had been taken by the legacy Council and recommendations would be discussed by Council Officers. Officers would report back to Council in due course regarding renewable energy systems and the main issues as highlighted by Councillor Enright regarding provision of renewable energy at the new Down Leisure Centre would be raised with the relevant consultants.

**Record:** Councillor Enright asked to be recorded that he was totally dissatisfied with the content of the Consultants report.

**AGREED: It was agreed to note a meeting would be held with the Architect engaged on this project at which the issues raised by Councillor C Enright regarding the provision of renewable energy at the new Down Leisure Centre would be raised. A report would be tabled at**

**an appropriate Committee meeting of Council in due course.**

**(2) Negative variance in former Down District Council - Management Accounts**

**AGREED:** It was agreed to accept that the provision of Wind Turbines in former Down District Council Management Accounts would be taken forward via the Regulatory & Technical Services Committee, as required.

**AGREED:** It was agreed to note that the review of the format of the Council's Management Accounts would be reported back to a future meeting of the Audit Committee in due course.

**(3) Shuttle Bus between Down Civic Campus and Downpatrick Bus Station**

**AGREED:** It was agreed Councillor C Enright and Councillor D Curran be provided with the legacy Down District Council motion and decision and resultant management response relating to this matter, to enable them to provide the Trust with information regarding shuttle bus provision between Downshire Civic Campus and Downpatrick Bus Station.

**Noted:** Mr Curtis advised that the provision of a shuttle bus service between Downshire Civic Campus and Downpatrick Bus Station was a decision for the Health and Social Care Trust at this stage and, on receipt of a response from the Trust regarding this matter, including an updated Business Case from Translink, this matter would be tabled at an appropriate Committee Meeting of Council.

Mr Curtis confirmed that following a check of Council records, it was established the Council did not at any stage agree to make a financial contribution towards the provision of a shuttle bus service between Downshire Civic Campus and Downpatrick Bus Station.

**(4) Application for EU Bathing Water Status at several beaches in former Down District Council area**

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**Noted:** To accept that action had been completed regarding Application for EU Bathing Water Status at several beaches in former Down District Council area.

**(5) Contravention of EU Waste Directive in former Down District Council and failure to pursue value for money**

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**Noted:** It was noted that a report regarding alleged contravention of EU Waste Directive in former Down District Council and failure to pursue value for money would be tabled under Agenda item 11.

## **(6) Financial options to appoint Assistant Director of Sustainability & Climate Change**

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**Noted:** To accept that action had been completed regarding financial options to appoint an Assistant Director of Sustainability & Climate Change.

Councillor Enright expressed concerns that a Paper presented at a Party Representatives' Meeting could then be presented in a revised format to a subsequent Committee meeting of Council.

Mr Hannaway explained the Party Representatives Forum was not a decision making Committee, but rather was a political sounding board for Officers to seek the views of Elected Members. Therefore any papers presented to this Forum could be subject to change prior to being tabled at a Committee/Council meeting for consideration by Members.

### **AC/51/2016: ACTION SHEET MINUTES OF AUDIT COMMITTEE MEETING THURSDAY 28 APRIL 2016**

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

**AGREED:** **It was agreed to note the Action Sheet arising out of the Minutes of the Audit Committee Meeting held on Thursday 28 April 2016.**

### **AC/52/2016: COMMENCEMENT TIMES AUDIT COMMITTEE MEETINGS**

**Noted:** The Audit Committee Meeting which originally had been scheduled for Thursday 30 June 2016 had to be changed to Monday 4 July 2016 to facilitate holiday arrangements and this would not be a permanent change going forward.

**Noted:** A schedule of dates for all statutory Committee Meetings of Council, which included the Audit Committee, had been agreed at the Annual Meeting of Council held on Wednesday 1 June 2016 and subsequently published.

Councillor Sharvin proposed and Councillor Devlin seconded that the Audit Committee Meeting be held on the same day as the Council Meeting commencing at 2pm.

Councillor Hearty said the date and times which were already agreed by Council for Audit Committee Meetings for period 2016/17, should remain unchanged and Councillor Ruane said he concurred with Councillor Hearty on this matter.

A vote was taken on the proposal by way of a show of hands and voting was as follows:

For	5
Against	4

The proposal was declared carried.

**AGREED:** It was therefore subsequently agreed that the Audit Committee Meeting be held on the same day as the Council Meeting commencing at 2pm.

**AC/53/2016: TRAINING FOR MEMBERS OF AUDIT COMMITTEE**

Read: Report dated 4 July 2016 from Ms D Carville Director of Corporate Services regarding details of On Board Training on The Effective Audit and Risk Committee to be held on Friday 30 September 2016 in the Mount Conference Centre Belfast at a cost of £225 plus vat per attendee. (Copy circulated)

**AGREED:** It was agreed that should any Member of the Audit Committee wish to avail of the On Board Training on The Effective Audit Risk Committee, that they contact Ms Louise Dillon Democratic Services Officer.

**It was also agreed that should a significant number of Members request to attend this training and/or should the date not be suitable, Officers to contact the training provider to establish if this training could be held 'in-house'.**

**AC/54/2016: AUDIT COMMITTEE ANNUAL REPORT 2015 – 16**

Read: Newry Mourne & Down District Council Audit Committee Annual Report for 2015/2016. (Copy circulated)

Mr Campbell presented the above Report.

**Noted:** A paper would be brought forward to a future meeting of the Audit Committee regarding an Audit Committee self-assessment to commence in 2016/2017, which would include an appraisal of the performance of the Independent Chairperson of the Audit Committee.

**AGREED:** It was agreed to note the Audit Committee Annual Report for 2015-2016.

Councillor Enright thanked the Chairman for completing the Annual Report. He expressed concern at the Internal Audit's overall limited assurance rating and suggested that outstanding internal audit recommendations be reported to the Audit Committee on a quarterly basis for review and noting of progress. He also suggested that those audit actions which were being delayed as a result of IT issues could be highlighted.

**Noted:** Ms Carville explained a list of internal audit recommendations outstanding from the legacy Councils would be presented to the Committee at today's meeting under Item 11 on the Agenda and this list contained details of all priority points from both legacy Councils as well as recommendations which arose in 2015-2016. She added that a completion date had been put against each point and for those points

where the completion date had expired, an explanation of actions being taken had been provided.

## **CORPORATE SERVICES**

### **AC/55/2016: ANNUAL ACCOUNTS 2015-16**

Read: Report dated 4 July 2016 from Mr K Montgomery Assistant Director of Finance enclosing the Draft Newry Mourne & Down District Council Annual Accounts for 2015-16. (Copy circulated)

Mr Montgomery presented the draft Annual Accounts and Governance Statement.

Councillor Enright expressed concern that the new Council's accounts were being compared against the accounts from the Shadow Council, rather than the two legacy Councils.

Mr Knox explained the balance sheet, which contained only the Shadow Council figures as a comparative, was in line with the CIPFA pro forma accounts and said NIAO had been involved in the Finance Working Group along with CIPFA and were content that the disclosures in the pro forma accounts were in line with accounting standards.

Mr Knox also advised he believed it was note 25 in the accounts which highlighted the opening balance sheets of legacy Council and how these opening balances were incorporated into these accounts.

Ms Carville explained the Annual Accounts had been prepared and presented in line with the Guidance provided.

Mr Campbell thanked Ms Carville, Mr Montgomery, Ms Phillips and the staff from the Finance Department for their work in preparing the Council's draft Accounts under such a tight deadline.

Mr Campbell said the Council welcomed the surplus for the year in the unaudited draft accounts and the good position in terms of fixed assets and provisions and he asked when Officers planned to have the full accounts circulated.

**AGREED: It was agreed to note the draft unaudited Annual Accounts 2015-16.**

**It was also agreed that should any Member require a full set of the draft Annual Accounts this could be arranged.**

### **AC/56/2016: CORPORATE RISK REGISTER**

Read: Report dated 4 July 2016 from Ms D Carville Director of Corporate Services enclosing the following documents:  
Newry Mourne & Down Corporate Risk Register  
NIAO Good Practice in Risk Management Checklist  
NIAO Managing Fraud Risk in a Changing Environment – Self Assessment Checklist  
(Copy circulated)

Ms Carville said arising out of the Audit Committee Meeting held on 28 April 2016 it had been agreed to table the Corporate Risk Register at the next Meeting of the Audit Committee.

**Noted:** It was noted that the Corporate Risk Register would be a live document reflecting risks and would be updated on an on-going basis.

It was noted a process to develop Directorate Risk Registers would commence shortly.

Councillor Sharvin asked questions regarding the following:

- Organisational Design
- IT strategy
- Planning for new powers and responsibilities.
- Inclusion of a Business Continuity Plan or Disaster Recovery Plan
- Council's Communications team – staffing levels
- Whether Council have Risk Champions across departments

Ms Carville responded as follows to the issues raised by Councillor Sharvin:

Management were continuing to work to the stated timetable in respect of implementing organisational design.

A presentation was given to Council by Acquity regarding an overall IT strategy. Further detail would be brought back to the Efficiencies Working Group and to Council to establish if the Council could deliver based on the costs to be provided.

Detailed discussions had been held by the Senior Management Team regarding planning for new powers and responsibilities. Management believed the Council had planned adequately on the basis of the information available to date, and on receipt of further information, this would be progressed further.

Business continuity plans were in place. However it had been identified that further work was required to further enhance and build resilience in this area.

**AGREED: It was agreed that details regarding issues raised in relation to the Council's communications staff levels would be forwarded to Councillor Sharvin.**

Management would consider the suggestion relating to the need for Risk Champions as they further develop risk management processes.

Councillor Enright asked questions regarding the following:

- To consider linking a separate list of audit points showing departmental responsibility for each to be contained in the Corporate Risk Register
- Whether risks included on the two legacy Council Risk Registers had been considered in compiling the new Risk Register.
- What mechanisms are available for Councillors to express concerns regarding governance/Council decisions.

Ms Carville responded as follows to the issues raised by Councillor Enright:

It was important that the Corporate Risk Register was at a strategic level, focused on achieving the objectives of the Corporate Plan. Therefore, it would not be appropriate to include audit recommendations within.

The format of the Risk Register was in line with the Risk Management Policy approved by the Council in March 2016. Both legacy Council Risk Registers were considered when developing the Newry Mourne & Down Risk Register and would also be considered when the Directorate Risk Registers were being developed.

Mechanisms were in place for Councillors to raise issues of concerns. This would be further discussed at Item 10

Ms O Hagan noted that the corporate risk register had informed the Internal Audit Plan for this year.

Mr Campbell thanked Officers for presenting the Corporate Risk Register and welcomed the significant progress that had been made in risk management since the last meeting.

#### **AC/57/2016: REVIEW OF WHISTLEBLOWING POLICY**

Read: Report dated 4 July 2016 from Ms D Carville Director of Corporate Services regarding a review of the Council's Whistleblowing Policy.  
(Copy circulated)

**AGREED: It was agreed no adjustments were required to the Newry Mourne & Down District Council Whistleblowing Policy in respect of Elected Members.**

#### **EXEMPT ITEMS**

*The following items are deemed restricted in accordance with Part 1 of Schedule 6 of the Local Government Act (Northern Ireland) 2014.*

**AGREED: On the proposal of Councillor Murnin seconded by Councillor Devlin it was agreed to exclude the public and press from the Meeting during discussion on this matter which related to exempt information by virtue of Paragraph 3 of Part 1 of Schedule 6 of the Local Government Act (Northern Ireland) 2014 – information relating to the financial or business affairs of any particular person (including the Council holding that information).**



**AC/58/2016: PROCUREMENT**  
**DIRECT AWARDS CONTRACTS 2015-16**

Read: Report dated 4 July 2016 from Mr D Barter Procurement Manager regarding Procurement of Direct Awards Contracts 2015 – 16.  
(Copy circulated)

**AC/59/2016: PROCUREMENT**  
**EU TENDERING – WASTE**

Read: Report dated 4 July 2016 from Mr D Barter Procurement Manager regarding EU Tendering in respect of waste. (Copy circulated)

**INTERNAL AUDIT**

**AC/60/2016: INTERNAL AUDIT - SUMMARY REPORT**

Read: Report from ASM Limited regarding Internal Audit Summary Report.  
(Copy circulated)

**AC/61/2016: INTERNAL AUDIT – FOLLOW UP REVIEW**

Read: Report from ASM Limited regarding Internal Audit Follow up Review – Audit Fieldwork 2015/16. (Copy circulated)

**AC/62/2016: INTERNAL AUDIT – REVIEW OF PROGRAMME MANAGEMENT**

Read: Report from ASM Limited regarding Internal Audit Review of Programme Management 2015/16. (Copy circulated)

**AC/63/2016: IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS**

Read: Report dated 4 July 2016 from Ms D Carville Director of Corporate Services regarding the implementation of Internal Audit Recommendations.  
(Copy circulated)

**AC/64/2016: INTERNAL AUDIT – ANNUAL ASSURANCE REPORT 2015/16**

Read: Report from ASM Limited regarding Internal Audit Annual Assurance Report 2015/16.  
(Copy circulated)

**AGREED: On the proposal of Councillor Trainor seconded by Councillor Devlin it was agreed the Committee come out of closed session.**

When the Committee came out of Closed Session the Chairman reported the following:

**Procurement - Direct Award Contracts**

**AGREED:** It was agreed to note Report dated 4 July 2016 from Mr D Barter Procurement Manager regarding procurement of Direct Award Contracts.

**Councillors to be provided with the justification for the procurement by Direct Award Contracts in future reports.**

**Procurement – EU Tendering in respect of Waste**

**AGREED:** It was agreed to note Report dated 4 July from Mr D Barter Procurement Manager regarding EU Tendering in respect of waste and this item was now completed.

**Internal Audit - Summary Report**

**AGREED:** It was agreed to note Internal Audit Summary Report.

**The commencement of audit fieldwork on IT Security and Systems to be raised at the next Senior Management Team Meeting as the Committee felt now may not be the appropriate time to commence work on this particular area and that the audit on IT and Security Systems could be substituted with audit work on another area within Council.**

**Internal Audit – Follow up Review**

**AGREED:** It was agreed to note Report from ASM Limited regarding Internal Audit Follow up Review and the further progress report as at June 2016 prepared by Management.

**Management would arrange to include the recommendations identified by NIAO as Priority One onto the Council’s Audit recommendations schedule.**

**A further Internal Audit Follow up Review to be tabled at the Audit Committee Meeting in September 2016.**

**Internal Audit – Review of Programme Management**

**AGREED:** It was agreed to note the Report from ASM Limited regarding Internal Audit Review of Programme Management.

## **Internal Audit – Annual Assurance Report**

**AGREED:** It was agreed to note the Final Internal Audit Annual Assurance Report 2015/16.

### **FOR NOTING**

#### **AC/65/2016: COUNCIL DECISION MAKING PROCESS**

Read: Report dated 4 July 2016 from Mr L Hannaway Chief Executive regarding the Council decision making processes. (Copy circulated)

Councillor Enright welcomed the papers which had been prepared outlining the Council's decision making process and added revenue items needed to be subject to a cost benefit case and items referred to the capital items needed to be carried through the Capital budget process for final decision.

**AGREED:** Management to examine amending the decision making process templates to include the process for including in Capital and Revenue budgets and arrange to have a paper tabled at the next meeting of the Audit Committee to be held on Thursday 22 September 2016.

#### **AC/66/2016: NIAO AUDIT STRATEGY 2016-17 IMPROVEMENT AUDIT AND ASSESSMENT**

Read: NIAO Audit Strategy 2016-16 re: Improvement Audit and Assessment. (Copy circulated)

Mr Knox presented the above document.

Mr Knox said the Local Government Auditor had met with all Chief Executives and performance improvement had been one of the issues discussed. He said there had been close communication between NIAO and Council in relation to this work.

**AGREED:** It was agreed to note the NIAO Strategy 2016/17 – Improvement Audit and Assessment.

**At the request of Councillor Enright it was agreed Management keep the Audit Committee advised on issues regarding the former Drumnakelly Landfill Site in light of the EU Referendum vote to exit the EU, and the fact this site would no longer be the subject of a waste tax payment.**

**Noted:** The Council's draft Performance Improvement Plan 2016-17 was tabled at the Audit Committee Meeting in April 2016. It had been subject to public consultation and the finalised plan would be tabled at the Council Meeting on 4 July 2016, via the Minutes of the Strategic Policy & Resources

Committee.

**AC/67/2016: NIAO RE NATIONAL FRAUD INITIATIVE (NFI)  
DATA MATCHING EXERCISE 2016-17**

Read: Correspondence dated 21 June 2016 from NIAO regarding the National Fraud Initiative (NFI) Data Matching Exercise 2016-17. (Copy circulated)

Mr K Montgomery and Mr E Curtis responded to queries regarding NIAO data matching exercises carried out during the existence of the two legacy Councils.

**AGREED: It was agreed to note correspondence from NIAO regarding the National Fraud Initiative (NFI) Data Matching Exercise 2016-17.**

**AC/68/2016: MEDIA REPORT RE: COUNCIL PAYMENTS**

Councillor Hearty referred to an article in the media regarding the slow issuing of payments to suppliers by Council.

**Noted:** The Council had issued a response to the media regarding the article on the prompt payment statistics. Management were currently examining ways to improve both the IT systems involved and the methods used to pay suppliers.

**AGREED: It was agreed a review of methods to issue payments to suppliers to be included in the programme of work of the Efficiencies Working Group.**

**AGREED: On the proposal of Councillor Casey seconded by Councillor Enright it was agreed to appoint Councillor G Sharvin to chair the meeting from this point onwards.**

(4.45pm – Mr Campbell Chairperson left the meeting)

(4.45pm – Councillor Sharvin chaired the meeting from this point)

*The following item was deemed restricted in accordance with Part 1 of Schedule 6 of the Local Government Act (Northern Ireland) 2014.*

**AGREED: On the proposal of Councillor Hearty seconded by Councillor Brown it was agreed to exclude the public and press from the Meeting during discussion on this matter which related to exempt information by virtue of Paragraph 3 of Part 1 of Schedule 6 of the Local Government Act (Northern Ireland) 2014 – information relating to the financial or business affairs of any particular person (including the Council holding that information).**

**AC/69/2016: ADDITIONAL TIME CLAIM  
INDEPENDENT CHAIRPERSON OF AUDIT COMMITTEE**

Read: Report dated 4 July 2016 from Ms D Carville, Director of Corporate Services

regarding a time claim submitted by Mr J Campbell Independent Chairperson of the Audit Committee in respect of additional work to investigate governance issues raised by Councillor C Enright.  
(Copy circulated)

**AGREED: It was unanimously agreed the Committee come out of closed session.**

**AGREED: When the Committee came out of closed session Ms Carville reported the Committee had considered the additional Time Claim submitted by the Chairperson of the Audit Committee and it had been agreed to note same.**

The meeting concluded at 4.55pm.

For consideration at the Council Meeting to be held on Monday 1 August 2016.

**Signed: Ms D Carville**  
**Director of Corporate Services**

**Signed: Mr J Campbell**  
**Independent Chairperson**