

NEWRY MOURNE AND DOWN DISTRICT COUNCIL

**Minutes of Audit Committee Meeting held on Thursday 5 July 2018 2018 at 2.00pm
in the Mourne Room, Downshire Estate, Downpatrick**

Chairperson: Mr J Campbell, Independent Chairperson

In Attendance: **(Committee Members)**
Councillor P Byrne
Councillor C Casey
Councillor R Mulgrew
Councillor M Murnin
Councillor M Ruane
Councillor G Sharvin
Councillor J Tinnelly

Also in Attendance: Councillor H Harvey
Councillor D Hyland
Councillor B Quinn

Officials in Attendance: Mr L Hannaway, Chief Executive
Ms D Carville, Director Corporate Services
Mr K Montgomery, Assistant Director, Corporate Services (Finance)
Mrs E McParland, Democratic Services Manager
Miss S Taggart, Democratic Services Officer

Also in Attendance: Ms C Hagan, ASM (Internal Auditors)
Ms C Kane, Northern Ireland Audit Office

AC/47/2018: APOLOGIES AND CHAIRPERSON'S REMARKS

Apologies were received from Councillors Devlin, Hanna, Hearty and Mr G Byrne, Audit Services Manager.

The Chairperson welcomed Councillors Byrne and Mulgrew as new Members onto the Audit Committee and congratulated Councillor Murnin on his appointment as Chairman of the Council.

AC/48/2018: DECLARATIONS OF INTEREST

There were no declarations of interest.

AC/49/2018: TO AGREE START TIME FOR AUDIT COMMITTEE MEETINGS 2018-19

Read: Suggested timetable for Audit Committee Meetings 2018-19 (copy circulated)

The Chairperson advised the meeting dates in April and June 2019 may need to change.

Agreed: The start times and timetable for Audit Committee Meetings 2018-19 were agreed on the proposal of Councillor Ruane, seconded by Councillor Murnin, subject to officers advising further in relation to April and June 2019.

AC/50/2018: ACTION SHEET ARISING FROM AUDIT COMMITTEE MEETING HELD ON THURSDAY 26 APRIL 2018

Read: Action Sheet arising out of Minutes of Audit Committee Meeting held on 26 April 2018. (Copy circulated)

Agreed: On the proposal of Councillor Murnin, seconded by Councillor Ruane, it was agreed to note the action sheet.

AC/51/2018: CHAIRPERSON'S ANNUAL REPORT

Read: Report from Mr J Campbell, Independent Chair of Audit Committee, dated 5 July 2018, regarding Audit Committee Annual Report 2017-18 (Copy circulated)

Councillor Murnin thanked the Chairperson for his guidance and assistance over the year.

Noted: On the proposal of Councillor Murnin, seconded by Councillor Ruane, it was agreed to note the Chairperson's Annual Report.

COUNCILLOR HARVEY ENTERED THE MEETING AT THIS STAGE – 2.12PM

CORPORATE SERVICES

AC/52/2018 PRESENTATION OF FINANCIAL STATEMENTS AND GOVERNANCE STATEMENT

Read: Presentation of Financial Statements and Governance Statement (copy circulated)

Mrs Carville gave a power point presentation of the Financial Statements and Governance Statement and highlighted the key changes to the format of the accounts with Expenditure and Funding Analysis being introduced. (copy presentation attached)

Members asked the following questions:

- If an asset was held for sale mid-year should it be shown in the capital receipts or does it go into reserves?
- Why was there 44 Councillors stated in the Councillors allowances for both years?
- Was the figure for Interim Director of Neighbourhood Services correct?
- Was the narrative referring to Mr Wilkinson for 6 months employment?
- Were the bonuses for senior staff included within the salaries or was it separate?
- On page 7 of the accounts, figure 5 shows Audit Committee reporting to SPR Committee, should this not be to Council?
- Does the 5.7% differential between the lowest paid and highest paid fall within excepted terms?

Mrs Carville and Mr Montgomery responded to the queries as follows:

- An asset held for sale is defined as an asset identified as surplus and actively marketed for sale e.g. the Strangford Road site was identified and sold to Education Authority. The monies received from that sale would be transferred to the capital receipts and the capital financing requirement would be reduced which could affect the MRP calculation when going forward in the 4 year plan.
- There were a number of Councillors that left and were replaced during each year therefore there were 44 individuals in receipt of a payment in each of the two years.
- The total figure for the Interim Director of Neighbourhood Services was incorrect and would be amended.
- The narrative relating to Mr Wilkinson was the amount he was paid over his 10 month contract.
- There were no bonuses received by senior staff, the increment for Chief Executive was included in the salary however there was a debate ongoing about the unconsolidated final increment currently which members may be aware of.
- Figure 5 would be amended to show Audit Committee reporting to Council as opposed to SPR Committee.
- Every Council was obliged to declare the percentage difference however there were no targets to meet but comparisons between other Councils and other public sector bodies could be carried out as this was a required element of the Remuneration report.

The Chairperson thanked Mrs Carville, Mr Montgomery and their teams for the work undertaken to prepare the accounts.

Noted: **The presentation was noted.**

AC/53/2018 CORPORATE RISK REGISTER

Read: Report from Mrs D Carville, Director of Corporate Services, dated 5 July 2018, regarding Corporate Risk Register (copy circulated)

Councillor Sharvin advised the review dates needed to be updated as they were reading that the last and next review were the same date.

Mrs Carville advised this would be amended.

The Chairperson asked that the IT risk be expanded when next presented to show the ongoing actions.

Agreed: **It was agreed that the IT risk be expanded to show the ongoing actions and the Corporate Risk Register was noted.**

AC/54/2018 PROMPT PAYMENTS

Read: Report from Mr K Montgomery, Assistant Director of Finance, dated 5 July 2018, regarding Prompt Payment Statistics (copy circulated)

Councillor Murnin noted how pleasing it was to see the results of the new Council had surpassed those of the legacy Councils and thanked the finance staff for their efforts in improving the results in this area as it was so important to small businesses locally.

Noted: **It was agreed to note the Prompt Payment Statistics.**

AC/55/2018 FRAUD & WHISTLEBLOWING UPDATE

Read: Report from Mr G Byrne, Audit Services Manager, dated 5 July 2018, regarding Fraud and Whistleblowing Update (copy circulated)

Noted: **The Fraud and Whistleblowing Report was noted.**

AC/56/2018 DIRECT AWARD CONTRACTS

Read: Report from Mr D Barter, Procurement Manager, dated 5 July 2018, regarding Direct Award Contract (DAC) Register (copy circulated)

Councillor Sharvin queried whether there had been a recent change in the law to allow other organisations to install fibre optic lines rather than just BT.

Mrs Carville advised a paper had previously gone to SPR on the matter and she would revert to the Councillor outside of the meeting.

Councillor Byrne queried why £6000 was spent on remedial works to the turnstile at Newry Leisure Centre as surely this expenditure should be covered by the contractor. He also asked if a specialist was required for certain works such as that at Cullyhanna, was Council able to approach just one organisation to complete the work.

Mrs Carville advised she would revert to the Councillor on the issue of the turnstiles.. She stated Council can, after seeking procurement by competition is unsuccessful, identify a single supplier who can meet the needs but officers were tasked with completing a value for money exercise before approaching one single supplier.

Noted: **It was agreed to note the Direct Award Contract Register.**

AC/57/2018 **UPDATE ON AUDIT RECOMMENDATIONS**

Read: Report from Mr G Byrne, Audit Services Manager, dated 5 July 2018, regarding Update on Audit Recommendations

Noted: **It was agreed to note the update on Audit Recommendations report.**

AC/58/2018 **UPDATE ON PROCUREMENT**

Read: Report from Mr K Montgomery, Assistant Director of Finance, dated 5 July 2018, regarding Update on Procurement (copy circulated)

Councillor Byrne asked that overview training on procurement be provided for Members.

Mrs Carville advised she had spoken to the Democratic Services Manager about ensuring this training was part of the Elected Member Development.

Noted: **It was agreed to note the update on procurement.**

AC/59/2018 **TRAINING FOR MEMBERS**

Read: Report from Mrs D Carville, Director of Corporate Services, dated 5 July 2018, regarding Training for Members (copy circulated)

Agreed: **It was agreed that a date in late August be sourced for training for Members.**

PERFORMANCE

AC/60/2018 **PERFORMANCE IMPROVEMENT PLAN 2018-19**

Read: Report from Ms K Bingham, Head of Performance and Improvement, dated 5 July 2018, regarding Draft Performance Improvement Plan 2018-19 (copy circulated)

Noted: **It was agreed to note the Draft Performance improvement Objectives for 2018-19.**

NIAO

AC/61/2018 PERFORMANCE MANAGEMENT FOR OUTCOMES – A GOOD PRACTICE GUIDE FOR PUBLIC BODIES

Read: Report from NIAO re: Performance Management for Outcomes – A Good Practice Guide for Public Bodies (copy circulated)

Noted: It was agreed to note the Performance Management for Outcomes – A Good Practice Guide for Public Bodies.

AC/62/2018 THE NATIONAL FRAUD INITIATIVE: NORTHERN IRELAND

Read: Report from NIAO re: the National Fraud Initiative: Northern Ireland (copy circulated)

The Chairperson commended NIAO on the report and asked what approach the Council used for investigating matches.

Mrs Carville advised a full list of matches was provided and the Audit Service Manager was tasked with examining and pursuing any matches, with an update report brought to the attention of the Audit Committee.

Councillor Byrne commented on rates avoidance stating the legislation needed to be changed as the literature from LPS states that empty homes 'may' be eligible to pay rates therefore a lot of the properties in the District had been served completion notices and don't pay rates. He stated that it was frustrating as a rural councillor that people who have family land were unable to build in stages as once a completion notice was served they automatically had to pay rates.

Noted: It was agreed to note the report from NIAO regarding the National Fraud Initiative: Northern Ireland.

ITEMS RESTRICTED IN ACCORDANCE WITH PART 1 OF SCHEDULE 6 OF THE LOCAL GOVERNMENT ACT (NI) 2014

Agreed: On the proposal of Councillor Mulgrew, seconded by Councillor Murnin, 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 Part 3 of Schedule 6 of the Local Government Act (Northern Ireland) 2014 – Information relating to the financial or business affairs of a particular person (including the Council holding that information) and the public may, by resolution, be excluded during these items of business.

Agreed: On the proposal of Councillor Murnin, seconded by Councillor Mulgrew, it was agreed the Committee come out of closed session and the following actions were agreed:

AC/63/2018 **INTERNAL AUDIT PLAN 2018-19 – UPDATED JULY 2018**

Read: Report from Internal Audit to Audit Committee 5 July 2018 – Internal Audit Plan Updated July 2018 (copy circulated)

AGREED: It was agreed on the proposal of Councillor Sharvin, seconded by Councillor Byrne, to approve the Internal Audit Plan 2018-19 update as presented, with the changes proposed accepted.

AC/64/2018 **NMDDC – PROGRESS TO AUDIT COMMITTEE**

Read: Report from Internal Audit to Audit Committee 5 July 2018 – NMDDC – Progress to Audit Committee (copy circulated)

AGREED: It was agreed to note the report from Internal Audit on the Progress to Audit Committee.

There being no further business, the meeting concluded at 3.41pm

For consideration at the Council Meeting to be held on Monday 6th August 2018

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

Signed: **Mr J Campbell**
Independent Chairperson