

NEWRY MOURNE AND DOWN DISTRICT COUNCIL

**Minutes of Audit Committee Meeting held on Thursday 8 December 2016 at
2.00pm in the Mourne Room, Downshire Estate, Downpatrick**

Chairperson: Mr J Campbell Independent Chairperson

In Attendance: **(Committee Members)**

Councillor P Brown
Councillor T Hearty
Councillor M Murnin
Councillor M Ruane

Officials in Attendance:

Mr L Hannaway	Chief Executive
Ms D Carville	Director Corporate Services
Ms B Phillips	Finance Manager
Mr G Byrne	Audit Services Manager
Mr J McBride	Assistant Director Transformation Innovation & Performance
Ms L Dillon	Democratic Services Officer

Also in Attendance:

Ms C Hagan	ASM (Internal Auditors)
Ms C Kane	Northern Ireland Audit Office

AC/91/2016: APOLOGIES AND CHAIRPERSON'S REMARKS

The following apologies were received:

Councillor J Trainor
Councillor L Devlin
Councillor C Enright
Councillor P O Gribbin
Councillor G Sharvin
Councillor C Casey
Ms M Ward Director Enterprise Regeneration & Tourism
Mr E Curtis Director Strategic Planning and Performance

AC/92/2016: DECLARATIONS OF INTEREST

Ms C Hagan ASM Limited declared an interest in Item 10 on the agenda regarding the Internal Audit Contract.

Mr J Campbell Chairperson declared an interest in Item 17 on the agenda regarding the Assessment of Performance of Chairperson of Audit Committee.

AC/93/2016: ACTION SHEET
MINUTES AUDIT COMMITTEE MEETING
THURSDAY 22 SEPTEMBER 2016

Read: Action Sheet arising out of Minutes of Special Audit Committee Meeting held on Thursday 22 September 2016. (Copy circulated)

AGREED: It was unanimously agreed to note the Action Sheet arising from the Minutes of the Audit Committee Meeting held on Thursday 22 September 2016.

CHAIRPERSON OF AUDIT COMMITTEE

AC/94/2016: AUDIT COMMITTEE
SELF ASSESSMENT CHECKLIST

Read: Audit Committee Self Assessment Checklist.
(Copy circulated)

Mr Campbell explained that arising from the previous meeting of the Audit Committee it had been agreed the Independent Chairperson would complete a self assessment exercise for the Audit Committee using the NAO Checklist.

He explained the Self Assessment Checklist was circulated to Members of the Audit Committee on 1 November 2016 and a completed checklist has since been provided for consideration by the Committee at today's meeting.

Mr Campbell presented the Audit Committee Self Assessment Checklist and made specific reference to the following points:

- Importance of providing induction training to new members of the Committee on a one to one basis.
- Political parties to consider where possible, a term greater than one year when making nominations to the Audit Committee as this will assist in building up skills and experience within the Committee.
- Assurances from Chairperson that Audit Committee Terms of Reference adequately encompasses the work of the Audit Committee.
- Management should provide assurances to the Audit Committee regarding the process for the preparation of financial statements to show this process is robust.
- The Audit Committee should satisfy itself that the resources allocated to Internal Audit adequately addresses risk to the Council.
- External Audit fee should be kept under review.
- A report should be tabled at a future Audit Committee Meeting regarding Code of Conduct for employees.

Mr Campbell thanked Democratic Services Officers for their support to the Audit Committee noting that Management should endeavour to ensure all papers relating to the Audit Committee Agenda are provided on a timely basis to ensure Members receive their agenda in line with Standing Orders.

AGREED: It was unanimously agreed to approve the Audit Committee Self Assessment Checklist and the recommendations contained therein.

CORPORATE SERVICES

AC/95/2016: CORPORATE RISK REGISTER

Read: Report dated 8 December 2016 from Ms D Carville Director of Corporate Services regarding the Corporate Risk Register. (Copy circulated)

NOTED: The Corporate Risk Register will be a standing item on the Audit Committee Agenda.

Ms Carville presented the Corporate Risk Register and explained that Directors and Assistant Directors would be introducing Assurance Statements which will be completed on a quarterly basis.

Councillor Murnin referred to potential risk to Council when officers make recommendations following inspections of business premises etc, which then subsequently change.

Mr Campbell thanked Ms Carville and the Officers for the good progress made regarding the Council's Corporate Risk Register.

AGREED: It was agreed to note the Corporate Risk Register as per Report dated 8 December 2016 from Ms D Carville Director of Corporate Services.

AGREED: It was also agreed Ms D Carville Director Corporate Services to Obtain the relevant details from Councillor Murnin regarding an issue raised where there may be potential risk to Council when Council Officers make recommendations following inspections of business premises which then subsequently change, and follow this up with the relevant Directorate and update Councillor Murnin in due course.

AC/96/2016: UPDATE INTERNAL AUDIT RECOMMENDATIONS

Read: Report dated 8 December 2016 from Mr G Byrne Audit Services Manager regarding implementation of Internal Audit Recommendations. (Copy circulated)

Mr Byrne presented details regarding implementation of the Internal Audit recommendations.

He pointed out that since the report had been circulated the status of two Priority One recommendations reported as 'not implemented', have now been 'implemented'.

Mr Campbell thanked Mr Byrne for the update on implementation of Internal Audit Recommendations and stressed the importance that recommendations made by Internal Audit are implemented in a timely manner.

AGREED: It was agreed to note the Report from Mr G Byrne Audit Services Manager regarding implementation of Internal Audit Recommendations and that an independent review of progress and status will be undertaken by Internal Audit later in the 2016-17 programme.

AC/97/2016: PROMPT PAYMENTS

Read: Report dated 8 December 2016 from Mr K Montgomery Council Officer regarding Prompt Payments. (Copy circulated)

Ms Carville presented the report on Prompt Payments. She said progress had been made regarding payment within 30 days but there were still difficulties regarding making the 10 day target and Officers were continuing to work on this to improve the efficiency of the process but ensuring this will not impact in terms of risk to the Council and its control environment.

AGREED: It was agreed to note Report dated 8 December 2016 from Mr K Montgomery Council Officer regarding Prompt Payments.

AGREED: It was agreed a Report on Prompt Payments be included at the Audit Committee Meetings as a standing item.

AGREED: Ms D Carville Director Corporate Services to discuss with Councillor Hearty matters regarding payment to a community group.

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 Ruane seconded by Councillor Hearty it was agreed to exclude the public and press from the Meeting during discussion on the following matters 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/98/2016: FRAUD & WHISTLEBLOWING

Read: Report dated 8 December 2016 from Mr G Byrne Audit Services Manager regarding Fraud & Whistleblowing. (Copy circulated)

**AC/99/2016: MANAGEMENT ACCOUNTS
REVIEW OF FORMAT**

Read: Report dated 8 December 2016 from Ms D Carville Director of Corporate Services regarding a review of the format of the Management Accounts. (Copy circulated)

(2.50pm – Ms C Hagan ASM Limited left the meeting)

AC/100/2016: INTERNAL AUDIT CONTRACT

Read: Report dated 8 December 2016 from Mr G Byrne Audit Services Manager regarding the Internal Audit Contract. (Copy circulated)

**AC/101/2016: GOVERNANCE INVESTIGATION
MEDIA SCREEN NEWRY**

Read: Report dated 8 December 2016 from Mr G Byrne Audit Services Manager regarding a Terms of Reference for a governance investigation into the large Media Screen in Newry. (Copy circulated)

INTERNAL AUDIT

AC/102/2016: INTERNAL AUDIT - SUMMARY REPORT

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

AC/103/2016: FLEET MANAGEMENT (DRAFT)

NOTED: Internal Audit Report on Fleet Management will be tabled at the Audit Committee Meeting to be held on Thursday 27 April 2016.

AC/104/2016: INTERNAL AUDIT PLAN 2016/2017 (DRAFT)

Read: Report from ASM Limited regarding Internal Audit Plan 2016/2017. (Copy circulated)

NIAO

AC/105/2016: REPORT TO THOSE CHARGED WITH GOVERNANCE

Read: Letter dated 2 December 2016 from NIAO enclosing the Newry Mourne & Down District Council 2015-16 Report to Those Charged with Governance. (Copy circulated)

AGREED: On the proposal of Councillor Ruane seconded by Councillor Hearty it was agreed to come out of Closed Session.

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

Fraud & Whistleblowing

AGREED: It was agreed to note Report dated 8 December 2016 from Mr G Byrne Audit Services Manager regarding Fraud & Whistleblowing.

Management Accounts – Review of Format

AGREED: It was agreed to note Report dated 8 December 2016 from Ms D Carville Director of Corporate Services regarding a review of the format of the Management Accounts.

Internal Audit Contract

AGREED: On the proposal of Councillor Murnin seconded by Councillor Hearty it was agreed to extend the contract with ASM Limited for the provision of the Council's internal audit services, for a further one year period via Direct Award Contract, subject to satisfactory completion of annual work . This extension will allow for the completion of 4 Year Internal Audit Plan.

Governance Investigation Media Screen Newry

AGREED: It was unanimously agreed to refer the Terms of Reference for a governance investigation into the Media Screen Newry, to the Strategy Policy & Resources Committee Meeting in January 2017 for consideration and the findings of the governance investigation to be tabled at the Audit Committee in April 2017.

(3.00pm – Ms C Hagan ASM Limited re-joined the meeting)

Internal Audit Summary Report

AGREED: It was unanimously agreed to note the Internal Audit Summary Report from ASM Limited.

Fleet Management (Draft)

NOTED: Internal Audit Report on Fleet Management will be tabled at the Audit Committee Meeting to be held on Thursday 27 April 2016.

Internal Audit Plan 2016/2017 (Draft)

AGREED: It was unanimously agreed to note the Internal Audit Plan 2016/17 which has now been aligned to the Corporate Risk Register and the Internal Audit Plan 2017/18 will be tabled at the Audit Committee Meeting in April 2017.

Report to Those Charged with Governance

AGREED: It was unanimously agreed to note the Newry Mourne and Down District Council 2015 – 16 Report to Those Charged with Governance.

AC/106/2016: PERFORMANCE IMPROVEMENT PLAN

Read: Report dated 8 December 2016 from Mr J McBride Assistant Director Transformation Innovation & Performance regarding a summary of key findings from a recent audit and assessment of the Council's performance improvement arrangements. (Copy circulated)

Mr McBride presented a summary on the findings of an audit and assessment carried out by NIAO for 2016-17 in respect of performance and improvement. He said the new Duty of Performance placed on Councils arising from the Local Government Act (Northern Ireland) 2014 placed significant burden on Council resources and he said there was a role for both the Council's External Audit and the Department for Communities to provided clarity on some of the areas regarding this duty.

Ms Kane NIAO said it was important to note the unqualified opinion of the Local Government Auditor dated 29 November 2016 regarding the audit and assessment of Newry Mourne & Down District Councils Performance Improvement Arrangements and she added that the points made regarding this Council were similar across all the other Councils.

Mr Campbell thanked Mr McBride and Ms Kane for presenting details regarding performance improvement arrangements for the Council and said he welcomed that the NIAO Audit and Assessment Report had been certified by a standard unqualified opinion. He referred to Section 3, Part 2 – Governance Arrangements whereby it stated that "the Audit Committee should actively assist the Council with monitoring the activity of any committee charged with the scrutiny of performance improvement", and said the Audit Committee should reflect on how best this can be done.

AGREED: It was agreed as follows:

- (a) To note Report dated 8 December 2016 from Mr J McBride Assistant Director Transformation Innovation & Performance, regarding a summary of key findings from a recent NIAO audit and assessment of the Council's performance improvement arrangements.**
- (b) Members of the Audit Committee be invited to Strategy Policy & Resources Committee Meetings for discussion on the NIAO Audit and Assessment Report 2016-17.**

- (c) **A paper be tabled at a future Meeting of the Audit Committee regarding the role of the Audit Committee in assisting with monitoring the activity of any Committee charged with the scrutiny of performance improvement.**

AC/107/2016: DECISION MAKING PROCESS

Read: Report dated 8 December 2016 from Mr J McBride Assistant Director Transformation Innovation & Performance regarding the Council decision making process and process maps. (Copy circulated)

It was noted a paper regarding the Council Decision Making Process was tabled at the Audit Committee Meeting in September 2016 at which it was agreed to defer the matter to the Audit Committee Meeting in December 2016.

It was further noted Councillor Enright had submitted a requested for this report to be deferred once more to the next meeting of the Audit Committee in April 2017.

AGREED: On the proposal of Councillor Murnin seconded by Councillor Ruane it was agreed to consider Report dated 8 December 2016 from Mr J McBride Assistant Director Transformation Innovation & Performance regarding the Council decision making process and process maps, as opposed to deferring to the next Audit Committee Meeting.

Mr McBride presented a report regarding the Council's decision making process:

- (i) Decisions which are reserved to Full Council
- (ii) Decisions which are a result of new legislative developments, new policy development and the initiation of new programmes/projects to support the implementation of the Corporate Plan (2015-19)
- (iii) Decisions which are a result of Notices of Motions.

AGREED: It was agreed to note Report dated 8 December 2016 from Mr J McBride Assistant Director Transformation Innovation & Performance regarding the Council decision making process and process maps.

AC/108/2016: ANNUAL AUDIT LETTER

NOTED: The NIAO Annual Audit Letter will be tabled at the next meeting of the Audit Committee to be held on Thursday 27 April 2016.

FOR NOTING

**AC/109/2016: ASSESSMENT OF PERFORMANCE OF
CHAIRPERSON OF AUDIT COMMITTEE**

Read: Report dated 8 December 2016 from Ms D Carville Director Corporate Services regarding the Assessment of the Performance of the Chairperson of the Audit Committee. (Copy circulated)

AGREED: It was agreed to note the Assessment of the Performance of the Chairperson of the Audit Committee as per Report dated 8 December 2016 from Ms D Carville Director Corporate Services.

**AC/110/2016: AUDIT COMMITTEE
TERMS OF REFERENCE**

Read: Report dated 8 December 2016 from Ms D Carville Director of Corporate Services regarding the Audit Committee Terms of Reference. (Copy circulated)

Mr Campbell said as Independent Chairperson of the Audit Committee, he was satisfied the Audit Committee Terms of Reference covered the scope of the work of the Audit Committee and encompassed all the assurance needs required.

AGREED: It was agreed to note the Audit Committee Terms of Reference as per Report dated 8 December 2016 from Ms D Carville Director of Corporate Services.

**AC/111/2016: CIRCULAR: DEPARTMENT FOR COMMUNITIES
GUIDANCE ON PROMPT PAYMENTS**

Read: Correspondence dated 7 November 2016 (Circular: LG19/16) – Guidance on Prompt Payments. (Copy circulated)

AGREED: It was agreed to note Correspondence dated 7 November 2016 (Circular: LG19/16) regarding Guidance on Prompt Payments.

Mr Campbell thanked everyone for their attendance and contribution at the meeting and wished everyone a merry Christmas and a happy new year.

The meeting concluded at 3.30pm.

For consideration at the Council Meeting to be held on Monday 9 January 2017.

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

Signed: Mr J Campbell
Independent Chairperson