

NEWRY MOURNE AND DOWN DISTRICT COUNCIL

Minutes of Audit Committee Meeting held on Thursday 11 January 2018 at 2.00pm in the Mourne Room, Downshire Estate, Downpatrick

Chairperson: Mr J Campbell, Independent Chairperson

In Attendance: **(Committee Members)**

Councillor L Devlin
Councillor G Hanna
Councillor T Hearty
Councillor M Murnin
Councillor M Ruane
Councillor J Tinnelly

Officials in Attendance:

Mr L Hannaway	Chief Executive
Ms D Carville	Director Corporate Services
Mr A Wilkinson	Director of Regulatory & Technical Services (Interim)
Mr K Montgomery	Assistant Director, Corporate Services (Finance)
Mr G Byrne	Audit Services Manager
Mr J McBride	Assistant Director, Community Planning & Performance
Ms C Taylor	Democratic Services Officer

Also in Attendance:

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

AC/01/2018 : APOLOGIES AND CHAIRPERSON'S REMARKS

The following apologies were received:

Councillors Brown and Casey.

AC/02/2018: DECLARATIONS OF INTEREST

Mr Campbell declared interests in the following items:

Item 5 – Annual Review of Chairperson's Performance.

Mr Campbell advised this was an item for noting and unless Members required a discussion, he intended to stay at the meeting for this item.

Item 18 – Internal Audit Summary Report.

Mr Campbell advised he was a member of the Audit Committee of SEUPB, but given the context of the role of SEUPB in this report, unless Members wished, he would not leave the meeting for this item.

**AC/03/2018: ACTION SHEET
MINUTES AUDIT COMMITTEE MEETING
THURSDAY 26 SEPTEMBER 2017**

Read: Action Sheet arising out of Minutes of Audit Committee Meeting held on 26 September 2017. **(Copy circulated)**

AGREED: On the proposal of Councillor Ruane, seconded by Councillor Devlin, it was agreed to note the Action Sheet arising from the Minutes of the Audit Committee Meeting held on 26 September 2017 and remove the actions marked for removal.

CHAIRPERSON OF AUDIT COMMITTEE

AC/04/2018 AUDIT COMMITTEE SELF-ASSESSMENT

Read: Report from Mr J Campbell, Independent Chair of Audit Committee, dated 11 January 2018, regarding Audit Self-Assessment 2017/18 (copy circulated).

Mr Campbell advised that a small number of improvements had been recommended:

1. A bespoke in house training course covering the main functions of the Audit Committee which would take place after the AGM.
2. Parties give consideration to appointing Members for a term greater than one year where possible for continuity, which was important to the Audit Committee.

Mr Campbell thanked officers for their efforts in ensuring reports were issued on time.

AGREED: It was agreed on the proposal of Councillor Ruane, seconded by Councillor Hearty, to approve the Audit Committee Self-Assessment 2017/18.

AC/05/2018 ANNUAL REVIEW OF CHAIRPERSON'S PERFORMANCE

Read: Report from Mr L Hannaway, Chief Executive, dated 11 January 2018, regarding the Assessment of the Chairperson's Performance (copy circulated)

AGREED: It was unanimously agreed to note the Assessment of the Chairperson's Performance.

CORPORATE (OPEN SESSION)

AC/06/2018 CORPORATE RISK REGISTER

Read: Report from Mrs D Carville, Director of Corporate Services, dated 11 January 2018, regarding Corporate Risk Register (copy circulated).

Mrs Carville advised a Risk Management Workshop had been undertaken by the SMT and following this review, a number of changes had been made to reflect the changing risk environment.

Councillor Murnin welcomed the progress made on Corporate Risk 13 meaning that it can now be de-escalated.

In response to Councillor Devlin questions, Mrs Carville advised that the SMT was currently reviewing the Terms and Conditions of staff with a view to determining and agreeing a simple set of Terms and Conditions for the organisation starting with work in the RTS directorate, which would be progressed over the next year. She added that the process involved engagement with the workforce and the joint trade unions and it was difficult to give a date by which the work would be completed.

AGREED: It was agreed on the proposal of Councillor Hearty, seconded by Councillor Murnin, to approve the Corporate Risk Register.

AC/07/2018 FRAUD & WHISTLEBLOWING

Read: Report from Mr G Byrne, Audit Services Manager, dated 11 January 2018, regarding Fraud and Whistleblowing (copy circulated).

In response to a question from Councillor Murnin, Mrs Carville explained that all whistleblowing allegations were reported to Members through the Audit Committee and were investigated in line with Council policy where evidence was sought to substantiate any allegations made.

Mr Campbell welcomed the Governance Awareness training which had been rolled out and in response to his query, Mr Byrne advised approximately 585 staff had undergone the training.

AGREED: It was unanimously agreed to note the Fraud and Whistleblowing report.

AC/08/2018 DIRECT AWARD CONTRACT (DAC) REGISTER

Read: Report from Mr K Montgomery, Assistant Director of Finance, dated 11 January 2018, regarding Direct Award Contract (DAC) Register (copy circulated).

In response to questions relating to Direct Award Contracts from Councillors Devlin, Murnin and Mr Campbell, Mrs Carville advised of the following:

- Theatre Conference Facility Study (item 33) – a study had been carried out looking into the market requirements for a theatre/conference facility in Newry in the context

of consideration of the new Newry Civic Centre project. The scoping study had taken into account existing facilities and would be taken back through the Strategic Projects Working Group.

- Item 33 and 35 – these items were included for completeness and transparency given there had only been one respondent, although competition had been attempted.
- Items 39, 41 and 42 – a piece of work was to be undertaken regarding training staff to ensure all were clear as to the circumstances in which single tender awards were appropriate.
- A recommendation from the NIAO was being held around a more wholesome contracts register and this was being actively worked on.
- Item 36 – This had originally been awarded via competitive tender, but the supplier had supplied the wrong tablets, which then went up in price, but Council's order was honoured at the agreed price and another purchase order was raised by way of a single tender award.
- It was clarified that when a cost was under £30k, a restricted process could be undertaken whereby 4 companies would be invited to tender, although all companies registered in the category on e-hub could apply.

In response to a further query from Councillor Murnin on item 33, Mr Hannaway advised that a business case was being put together regarding the market requirements in Newry for a theatre/conference facility, and an all-Ireland scoping study was required to find out how much space was required, with a report coming back to the Strategic Project Working Group.

AGREED: It was unanimously agreed to note the Direct Award Contract Register report.

AC/09/2018 **UPDATE ON AUDIT RECOMMENDATIONS**

Read: Report from Mr G Byrne, Audit Services Manager, dated 11 January 2018, regarding Update on Audit Recommendations (copy circulated).

AGREED: It was unanimously agreed to note the update on Audit Recommendations report.

AC/10/2018 **UPDATE ON PROCUREMENT**

Read: Report from Mr K Montgomery, Assistant Director of Finance, dated 11 January 2018, regarding Update on Procurement (copy circulated).

Mr Campbell welcomed the update on procurement, saying he was pleased to see the progress made by the working group and was pleased the revised procurement policy had been approved, which was simplified and more user friendly.

In response to a query from Mr Campbell on the procurement cycle process map, Mr Byrne advised a project team would only be established if required.

AGREED: It was unanimously agreed to note the update on Procurement.

AC/11/2018 **PROMPT PAYMENT STATISTICS**

Read: Report from Mr K Montgomery, Assistant Director of Finance, dated 11 January 2018, regarding Prompt Payment Statistics (copy circulated).

Mr Montgomery explained that the reason for the deterioration in the time it took to pay suppliers from 1 July 2017 – 30 September 2017, was due to staff annual leave, staff sickness and a staff member moving to another department and not being replaced.

In response to Councillor Devlin's concerns, Mr Montgomery advised there were no provisions made in 2018 rates estimates to cover annual leave, but it was hoped the same staff absences would not occur.

Mr Montgomery advised at the last Audit Committee meeting he had been asked to look into the statistics of invoices that had not been paid within 30 days and what length of time it had taken to pay them. He said the information was not available due to an upgrade which was required to the Sun system, but the average number of days to process an invoice in the same quarter last year was 21 days. In the March quarter it was 21 days, in the June quarter it was 20 days and 26 days in the September quarter.

Councillor Hearty expressed concerns relating to the number of days it took to process invoices, saying it was placing a strain on small businesses.

Mr Campbell asked for Members' concerns to be taken on board, adding officers should endeavour, where possible, to pay invoices from small suppliers within 10 days to improve the percentage paid statics for 10 days which are presently very low.

Mr Montgomery explained that with the new procurement policy in place and the training which would be rolled out to officers, the speed of invoice approvals should improve.

AGREED: It was unanimously agreed to note the Prompt Payment Statistics.

AC/12/2018 **MANAGING THE RISK OF BRIBERY AND CORRUPTION**

Read: Report from Mr G Byrne, Audit Services Manager, dated 11 January 2018, regarding Managing the Risk of Bribery and Corruption (copy circulated).

Mr Campbell welcomed the self-assessment checklist and was reassured Yes had been answered to most of the practices and identified an action plan to take them forward if required.

AGREED: It was unanimously agreed to note the Risk of Bribery and Corruption report.

AC/13/2018

IMPROVEMENT AUDIT AND ASSESSMENT REPORT 2017/18

Read: Report from Mr J McBride, Assistant Director: Community Planning and Performance, dated 11 January 2018, regarding Improvement Audit and Assessment Report 2017/18 (copy circulated).

Mr Campbell welcomed that Council had discharged its duties and welcomed the governance arrangements, saying the monitoring roles of the SPR Committee and Audit Committee would enable any concerns to be picked up.

Mrs Carville commented on External Audits reference to Improvement Audit activity not being included the Audit Committee terms of reference. She stated that when formulating the terms of reference and undertaking any reviews, best practice guides were consulted, with the current Audit committee Terms of Reference referring to the activity, performance and results of external audit. She added that it was important not to duplicate work across the committees, but to satisfy this Council's committee structure arrangements. She added she would consider this in further discussions with the NIAO.

In response to queries from Mr Campbell, Mr McBride advised a new council website had been launched at the end of 2017, which was a significant improvement and that performance objectives were taken to the SPR committee every 6 months.

AGREED: It was unanimously agreed to note the Improvement Audit and Assessment Report 2017-18, including the proposals for improvement.

AC/14/2018

NIAO CHANGE LETTER

Read: Correspondence received from the NIAO dated 20 December 2017, regarding NIAO Director Responsibilities (copy circulated)

Mrs Carville advised that Pamela McCreedy had been designated Local Government Auditor on 1 January 2018.

AGREED: It was unanimously agreed to note the correspondence from the NIAO regarding NIAO Director Responsibilities.

Mr Campbell suggested that the Audit Strategy 2017/18 and the Annual Audit Letter 2016/17 should be taken in open session.

AC/15/2018

ANNUAL AUDIT LETTER 2016/17

Read: Correspondence received from the NIAO dated 8 January 2018, regarding the Annual Audit Letter: Newry, Mourne & Down District Council 2016/17 (copy circulated)

AGREED: It was unanimously agreed to note the correspondence from the NIAO regarding the Annual Audit Letter: Newry, Mourne and Down District Council 2016/17.

AC/16/2018 **AUDIT STRATEGY 2017/18**

Read: Newry, Mourne & Down District Council 2017/18 Audit Strategy (copy circulated)

Mr Campbell advised that the next Audit Committee Meeting in April was fixed but the September meeting and other future dates would be set at the AGM in June.

AGREED: **On the proposal of Councillor Hearty, seconded by Councillor Devlin, the Audit Strategy 2017/18 was agreed.**

AUDIT SERVICE SECTION – ASM

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 Hearty, seconded by Councillor Devlin, 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/17/2018 **REPORT TO THOSE CHARGED WITH GOVERNANCE 2016-17**

Read: Correspondence received from the NIAO dated 8 January 2018, regarding NMDDC 2016-17 – Report to those charged with Governance.

AGREED: **It was agreed to note the Report to those Charged with Governance 2016-17.**

INTERNAL AUDIT

AC/18/2018 **INTERNAL AUDIT ASSET SUMMARY REPORT**

Read: NMDDC Summary Report to the Audit Committee, 10 January 2018 (copy circulated).

AGREED: **On the proposal of Councillor Murnin, seconded by Councillor Ruane, it was agreed to split the procurement audit into two 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 AC.

It was also agreed:

- That a status report on the Grants Database be brought back to Committee.
- That an update on the 2014 Condition Surveys is taken back to SMT for discussion and necessary action.
- That Councillor Hearty's comments regarding funding for the Rural Development Programme are relayed to the Chair of the Rural Development Committee.
- That the Planning Draft Report would be deferred to the Audit Committee in April, to be considered with management responses included.

AC/19/2018

BIG SCREEN LESSONS LEARNED REPORT

Read: Correspondence received from ASM dated 9 January 2018, regarding the Big Screen – Lessons Learned (copy circulated).

AGREED: On the proposal of Councillor Ruane, seconded by Councillor Hearty, it was agreed to note the correspondence from ASM regarding the Big Screen Lessons Learned and to remove the corresponding action from the Action Sheet.

AC/20/2018

MID YEAR PROGRESS REPORT- PERFORMANCE IMPROVEMENT PLAN 2017/18

Read: Report from Mr J McBride – Assistant Director: Community Planning and Performance, dated 11 January 2018, regarding Mid-Year Progress Report – Performance Improvement Plan 2017-18 (copy circulated).

AGREED: It was agreed to note the Mid-Year Progress Report – Performance Improvement Plan 2017/18.

AC/21/2018

OPERATOR LICENCE – VOSA AUDIT

Read: Report from Mr A Wilkinson, Interim Director of RTS, dated 11 January 2018, regarding Operator Licence, VOSA Audit (copy circulated).

AGREED: On the proposal of Councillor Ruane, seconded by Councillor Murnin, it was agreed to note VOSA Report and to refer monitoring of the action plan to the RTS Committee.

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

