

NEWRY MOURNE AND DOWN DISTRICT COUNCIL

**Minutes of Audit Committee Meeting held on Thursday 20 September 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 W Clarke
Councillor R Mulgrew
Councillor M Ruane
Councillor J Tinnelly

Officials in Attendance: Mr L Hannaway, Chief Executive
Ms D Carville, Director Corporate Services
Mr K Montgomery, Assistant Director, Corporate Services (Finance)
Mr G Byrne, Audit Services Manager
Ms B Phillips,
Miss S Taggart, Democratic Services Officer

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

AC/65/2018: APOLOGIES AND CHAIRPERSON'S REMARKS

Apologies were received from Councillors Casey, Devlin and Murnin

The Chairperson welcomed Councillor Clarke to his first meeting having recently taken over from Councillor Hearty on the Committee.

AC/66/2018: DECLARATIONS OF INTEREST

Ms Hagan declared an interest in item 16 – Tender for Internal Audit Contract.

Mr Campbell declared an interest in item 17 – Recruitment of Independent Audit Committee Chairperson.

AC/67/2018: ACTION SHEET ARISING FROM AUDIT COMMITTEE MEETING HELD ON THURSDAY 5 JULY 2018

Read: Action Sheet arising out of Minutes of Audit Committee Meeting held on 5 July 2018. (Copy circulated)

AC/18/2018 – Internal Audit Asset Summary Report

Mr Byrne advised the programmes unit had received approval from the IT project group to procure the database and it was hoped the up-dated Financial Assistance Policy would go to committee in December 2018. An update would be brought to the January Audit Committee Meeting.

AC/59/2018 – Training for Members

Mr Byrne advised the training was split into 4 sections and it would be carried out prior to the next Audit Committee in January.

Mr Campbell asked that the dates for training be circulated to Members as early as possible in order to maximise attendance at same.

Councillor Byrne stated he had attended recent training which was excellent and it may be an idea that the publications circulated be given to all Members for their information.

Agreed: On the proposal of Councillor Mulgrew, seconded by Councillor Byrne, it was agreed to note the action sheet and remove those actions marked for removal.

INTERNAL AUDIT (closed session)

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 Byrne, 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 Ruane, seconded by Councillor Byrne, it was agreed the Committee come out of closed session and the following actions were agreed:

AC/68/2018 ASM PROGRESS SUMMARY REPORT

Read: Report from Internal Audit to Audit Committee 20 September 2018 – Summary Report to the Audit Committee (copy circulated)

Noted: The Summary Report to the Audit Committee was noted.

AC/69/2018: INTERNAL AUDIT PLAN 2018/19

Read: Report from Internal Audit to Audit Committee 20 September 2018 – 2018/19 Revised Internal Audit Plan (Copy circulated)

Agreed: It was agreed on the proposal of Councillor Ruane, seconded by Councillor Byrne, to approve the 2018/19 Revised Internal Audit Plan, including the use of the Contingency Days as noted.

NIAO (closed session)

AC/70/2018 NIAO REPORT TO THOSE CHARGED WITH GOVERNANCE

Read: Correspondence received from Northern Ireland Audit Office (NIAO) dated 19 September 2018, regarding Draft Report to Those Charged With Governance (copy circulated)

Agreed: It was agreed on the proposal of Councillor Byrne, seconded by Councillor Ruane to note the contents of the NIAO Report to Those Charged With Governance, and to further note that the Audit Committee accepted Management's reasons for not adjusting the unadjusted misstatements identified in the report.

CORPORATE (closed session)

AC/71/2018 STATEMENT OF ACCOUNTS 2017-18

Read: Report dated 20 September 2018, received from Mr K Montgomery, Assistant Director of Finance regarding the presentation of the audited Statement of Account for 2017-18 (copy circulated)

Agreed: It was agreed on the proposal of Councillor Byrne, seconded by Councillor Ruane, to note the status of the audit of the 2017/18 Statement of Accounts, and to approve the audited accounts including the Annual Governance Statement for signing by Chief Executive and Chairperson of Council.

Councillor Tinnelly left the meeting at this stage – 3pm

CORPORATE (open session)

AC/72/2018 CORPORATE RISK REGISTER

Read: Report from Mrs D Carville, Director of Corporate Services, dated 20 September 2018, regarding Corporate Risk Register (copy circulated)

Mrs Carville highlighted the following key changes following the review of Directorate Risk Register:

- CR.12 – New Risk – Risk of industrial relations deteriorating as Council went through a period of change which could potentially lead to industrial action and a disruption to services. The risk was escalated from the Corporate Services Directorate Risk Register due to the threat of industrial action from the Unions at the present time.
- CR.13 – New Risk – Accidents/injuries that may occur if health and safety of service users and staff was not considered, with a particular focus on Fire Risk Assessments and their associated actions. This risk was escalated from the Corporate Services Directorate Risk Register in the knowledge that there were actions from recent Fire Risk Assessments to be addressed across the Council.
- CR.08 – IT services do not support the Statutory, Strategic or Operational Requirements of the Council – the action in relation to the implementation of the IT strategy had been expanded to include key milestones, as previously requested.
- Numerous other minor changes including new actions, updates to the progress of actions and new detail included within certain risks were also made.

Noted: **It was agreed to note the update provided to the Corporate Risk Register.**

AC/73/2018 **PROMPT PAYMENTS**

Read: Report from Mr K Montgomery, Assistant Director of Finance, dated 20 September 2018, regarding Prompt Payment Statistics (copy circulated)

Councillor Byrne queried whether there was a target for the amount of invoices to be paid within 10 days.

Mrs Carville advised the Central Government target was to have 90% of invoices paid within 10 days however the Department of Communities issued a circular that this was an aim for local government bodies also. It was noted that Council states within its contracts that payment would be within 30 days.

Councillor Clarke asked for an example of reasons for not paying invoices within 30 days.

Mr Montgomery advised it could be queries on invoice not matching with an order or the authorising officer being on leave for example. He stated it takes 3-4 days to receipt an invoice and approximately 20 days to process same.

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

AC/74/2018 **FRAUD & WHISTLEBLOWING UPDATE**

Read: Report from Mr G Byrne, Audit Services Manager, dated 20 September 2018, regarding Fraud and Whistleblowing Update and Conflict of Interest Policy and Procedures (copy circulated)

Noted: **The Fraud and Whistleblowing Report and Conflict of Interest Policy and Procedures was noted.**

AC/75/2018 DIRECT AWARD CONTRACTS

Read: Report from Mr D Barter, Procurement Manager, dated 20 September 2018, regarding Direct Award Contract (DAC) Register (copy circulated)

Councillor Byrne queried why the Cleaning of Public Conveniences in Newcastle for July and August came in under Direct Awards.

Mr Hannaway advised due to the good weather and increase in visitor numbers to Newcastle, there was not enough staff in place to cope with the increased footfall and there was a high level of social media scrutiny on the Council to keep the public conveniences in good order.

Councillor Mulgrew queried the additional Ministry of Defence insurance required for the Festival of Flight.

Mrs Carville advised additional insurance was required every year for the Festival of Flight due to the high risk nature of the festival.

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

AC/76/2018 UPDATE ON AUDIT RECOMMENDATIONS

Read: Report from Mr G Byrne, Audit Services Manager, dated 20 September 2018, regarding Update on Audit Recommendations

Mr Byrne advised a report would be brought to CMT highlighting the actions that need to be implemented.

Councillor Byrne queried why some payments were appearing as manual payments, were these not completed through the financial systems in place.

Mrs Phillips advised all manual payments go through the financial systems however they would be cheques written for emergency payments or routine refunds, it was purely the terminology used for these payments.

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

AC/77/2018 **UPDATE ON PROCUREMENT**

Read: Report from Mr K Montgomery, Assistant Director of Finance, dated 20 September 2018, regarding Update on Procurement (copy circulated)

Mr Byrne advised the policy and procedures were now in place and training had been delivered to many of the staff who deal with procurement. A new training schedule for procurement was now being developed going forward.

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

AC/78/2018 **FINDINGS FROM THE LOCAL GOVERNMENT AUDITOR'S REPORT**

Read: Report from Mrs D Carville, Director of Corporate Services, dated 20 September 2018, regarding Findings from the Local Government Auditor's Report which contained a review of the exercise of her functions in the year to 31 March 2018, including the audit of the accounts of the 11 Councils in the 2016-17 financial year (copy circulated)

Noted: **The findings from the Local Government Auditor's Report were noted.**

PERFORMANCE (open session)

AC/79/2018 **ASSESSMENT OF PERFORMANCE 2017-18**

Read: Report from Ms K Bingham, Head of Performance and Improvement, dated 20 September 2018, regarding Assessment of Performance 2017-18 which provided an overview of the Council's progress in meeting the General Duty of Improvement; Delivering the Performance Improvement Objectives 2017-18; meeting the statutory performance indicators and standards for economic development, planning and waste management; and delivering the 'supporting actions' and 'measures of success' within the Corporate Plan 2015-19 (copy circulated)

Noted: **It was agreed to note the Assessment of Performance 2017-18.**

PERFORMANCE (closed session)

Ms Hagan left the meeting at this stage having previously declared an interest – 3.32pm

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 Byrne, 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 Ruane, seconded by Councillor Mulgrew, it was agreed the Committee come out of closed session and the following actions were agreed:

AC/80/2018 TENDER FOR INTERNAL AUDIT CONTRACT

Read: Report dated 20 September 2018 from Mr G Byrne, Audit Services Manager, regarding Internal Audit Contract (copy circulated)

AGREED: It was agreed on the proposal of Councillor Mulgrew, seconded by Councillor Byrne, to recommend that Members approve the preparation of a Business Case to be presented to the SPR Committee in November 2018 deciding how the Internal Audit Function should be staffed in Newry, Mourne and Down District Council, with the result of the business case and associated actions being brought to the January 2019 Audit Committee Meeting.

Mr Campbell vacated the Chair at this stage having previously declared an interest – 3.34pm

It was agreed on the proposal of Councillor Ruane, seconded by Councillor Mulgrew that Councillor Byrne assume the Chair for the next item.

Councillor Byrne did then assume the Chair – 3.35pm

AC/81/2018 RECRUITMENT OF INDEPENDENT AUDIT COMMITTEE CHAIRPERSON

Read: Report dated 20 September 2018 from Mrs D Carville, Director of Corporate Services, regarding Recruitment of Independent Audit Committee Chairperson (copy circulated)

AGREED: It was agreed on the proposal of Councillor Ruane, seconded by Councillor Mulgrew to approve the extension of Mr Campbell's appointment to facilitate continuation of his Chairmanship at the Audit Committee Meeting of April 2019. It was also agreed for officers to commence a recruitment process for an Independent Chairperson of the Audit Committee to commence with the new term of Council for a four year period, with the first meeting of the new Chairperson in July 2019.

There being no further business, the meeting concluded at 3.36pm

For consideration at the Council Meeting to be held on Monday 5th November 2018

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

Signed: **Mr J Campbell**
Independent Chairperson