

NEWRY MOURNE AND DOWN DISTRICT COUNCIL

Minutes of the Audit Committee Meeting held on Thursday 28 January 2016 at 2.12pm in the Commedagh Room, Downshire Estate, Downpatrick

Chairperson: Mr J Campbell Independent Member

In Attendance: **(Committee Members)**
Councillor T Hearty
Councillor M Murnin
Councillor C Enright
Councillor J Tinnelly

Officials in Attendance:

Mr L Hannaway	Chief Executive
Mr E Curtis	Director Strategic Performance & Resources
Mr C O Rourke	Director Regulatory Technical Services
Ms M Ward	Director Enterprise Regeneration & Tourism
Mr M Lipsett	Director Active Healthy Communities
Mr R Dowey	Head of Finance
Mr S Wright	Officer
Ms E McParland	Democratic Services Manager
Ms L Dillon	Democratic Services Officer

Also in Attendance:

Ms C Hagan	ASM (Internal Auditors)
Mr B Clerkin	ASM (Internal Auditors)
Ms C Kane	Northern Ireland Audit Office
Mr B O Neill	Northern Ireland Audit Office

AC/01/2016:- APOLOGIES AND CHAIRPERSON'S REMARKS

Mr Campbell welcomed everyone to the meeting including Ms C Kane and Mr B O Neill from NIAO and also Ms C Hagan from ASM Limited.

The following apologies were received:

Councillor C Casey
Councillor G Sharvin
Councillor P O Gribin

AC/02/2016: DECLARATIONS OF INTEREST

Noted: No declarations of interest were received.

AC/03/2016: ACTION SHEET – MINUTES OF AUDIT COMMITTEE MEETING THURSDAY 29 OCTOBER 2015

Read: Action sheet arising out of minutes of Audit Committee Meeting held on Thursday 29 October 2015. (Copy circulated)

AGREED: **It was agreed to note the Action Sheet arising out of the Minutes of the Audit Committee Meeting held on Thursday 29 October 2015.**

**AC/04/2016: UPDATE
RE: DARD GRANT – BALLYHOLLAND COMMUNITY CENTRE**

Read: Report dated 21 January 2016 from Mr E Curtis, Director of Strategic Planning and Performance providing an update regarding a Rural Development Fund Grant from the SOAR Programme through the DARD EU Funding Stream with regard to Ballyholland Community Centre. (Copy circulated)

AGREED: **It was agreed to note that a review had been undertaken in relation to procurement issues concerning Ballyholland Community Centre and the ineligible expenditure which could not be reclaimed. Relevant action has been undertaken and all matters have now been closed off subject to SEUPB agreeing to funding provided by DARD. The Council's file on this matter has been completed unless any issues arise from SEUPB.**

**AC/05/2016: UPDATE
RE: GREEN TOURISM PROGRAMME**

Read: Report dated 27 January 2016 from Ms M Ward, Director of Enterprise, Regeneration and Tourism providing an update regarding funding from Invest NI in relation to the Green Tourism Programme. (Copy circulated)

AGREED: **It was unanimously agreed an item regarding the Green Tourism Programme will remain on the agenda of the Audit Committee until such times as the Audit Committee have been advised on the response from Invest NI which the Council are currently awaiting.**

NOTED: It was noted ASM Limited would be tabling a Report on Programme Management later in the meeting which would highlight issues regarding the management of programmes where grant aid is involved.

NIAO

**AC/06/2016: ANNUAL AUDIT LETTER
DOWN DISTRICT COUNCIL 2014 – 2015**

Read: Correspondence dated 5 January 2016 from Ms L Mason, Local Government Auditor enclosing the Annual Audit Letter in respect of Down District Council 2014 – 2015. (Copy circulated)

Mr B O Neill NIAO presented the contents of the above report and confirmed there were no significant issues to report.

AGREED: It was agreed to note the Annual Audit Letter for Down District Council 2014-15.

**AC/07/2016: REPORT TO THOSE CHARGED WITH GOVERNANCE
DOWN DISTRICT COUNCIL 2014 - 2015**

AGREED: On the proposal of Councillor Tinnelly seconded by Councillor Hearty 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).

AGREED: On the proposal of Councillor Tinnelly seconded by Councillor Hearty it was agreed the Committee come out of closed session.

AGREED: When the Committee came out of closed session, during which time Mr B O Neill NIAO highlighted items to be addressed, the Chairman reported it had been agreed the Council investigate policies which existed in the legacy Down District Council and the legacy Newry & Mourne District Council, with the view to developing a single policy for the new Newry Mourne & Down District Council with regard to decommissioning of refuse landfill sites.

**AC/08/2016: ANNUAL AUDIT LETTER
NEWRY AND MOURNE DISTRICT COUNCIL 2014 - 2015**

Read: Correspondence dated 19 January 2016 from Ms L Mason, Local Government Auditor enclosing the Annual Audit Letter for Newry and Mourne District Council 2014 – 2015. (Copy circulated)

Ms C Kane NIAO presented the contents of the above report and confirmed there were no significant issues to report.

AGREED: It was agreed to note the Annual Audit Letter for Newry & Mourne District Council 2014-15.

**AC/09/2016:- REPORT TO THOSE CHARGED WITH GOVERNANCE
NEWRY AND MOURNE DISTRICT COUNCIL 2014 - 2015**

AGREED: On the proposal of Councillor Tinnelly seconded by Councillor Hearty 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).

AGREED: On the proposal of Councillor Tinnelly seconded by Councillor Hearty it was agreed the Committee come out of closed session.

AGREED: When the Committee came out of closed session, after which time Ms C Kane NIAO highlighted items to be addressed, the Chairman reported it had been agreed to note the Report to Those Charged with Governance for Newry and Mourne District Council 2014-15.

**AC/10/2016: ANNUAL AUDIT LETTER
NEWRY, MOURNE AND DOWN DISTRICT COUNCIL
(OPERATING IN SHADOW FORM) 2014 – 2015**

Read: Correspondence dated 8 January 2016 from Ms L Mason, Local Government Auditor enclosing the Annual Audit Letter for Newry, Mourne and Down District Council (Operating in Shadow Form) 2014 – 2015. (Copy circulated)

Ms C Kane NIAO presented the contents of the above report and confirmed there were no significant issues to report.

AGREED: It was agreed to note the Annual Audit Letter for Newry Mourne & Down District Council (operating in Shadow form) 2014-15.

**AC/11/2016: REPORT THOSE CHARGED WITH GOVERNANCE
NEWRY, MOURNE AND DOWN DISTRICT COUNCIL
(OPERATING IN SHADOW FORM) 2014 - 2015**

AGREED: On the proposal of Councillor Tinnelly seconded by Councillor Hearty 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).

AGREED: On the proposal of Councillor Tinnelly seconded by Councillor Hearty it was agreed the Committee come out of closed session.

AGREED: When the Committee came out of closed session the Chairman reported it had been agreed to note the Report to Those Charged with Governance for Newry Mourne & Down District Council (operating in Shadow form) 2014-15.

**AC/12/2016: ANNUAL AUDIT LETTER
PEACE III SOUTHERN PARTNERSHIP JOINT COMMITTEE
2014 – 2015**

Read: Correspondence dated 4 November 2015 from Ms L Mason, Local Government Auditor enclosing the Annual Audit Letter in respect of Peace III Southern Partnership Joint Committee 2014 – 2015. (Copy circulated)

AGREED: It was agreed to note the Annual Audit Letter for Peace III Southern Partnership Joint Committee 2014-15.

**AC/13/2016: REPORT TO THOSE CHARGED WITH GOVERNANCE
SOUTHERN PEACE III JOINT COMMITTEE 2014 – 2015**

AGREED: On the proposal of Councillor Tinnelly seconded by Councillor Hearty 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).

AGREED: On the proposal of Councillor Tinnelly seconded by Councillor Hearty it was agreed the Committee come out of closed session.

AGREED: When the Committee came out of closed session the Chairman reported it had been agreed to note the Report to Those Charged with Governance for Peace III Southern Partnership Joint Committee 2014-15.

**AC/14/2016: ANNUAL AUDIT LETTER
NEWRY, MOURNE AND DOWN STATUTORY TRANSITION
COMMITTEE – PERIOD ENDED 19 JUNE 2014**

Read: Correspondence dated 11 November 2015 from Ms L Mason, Local Government Auditor enclosing the Annual Audit Letter for Newry, Mourne and Down Statutory Transition Committee 2014 – 2015. (Copy enclosed)

AGREED: It was agreed to note the Annual Audit Letter for Newry Mourne and Down Statutory Transition Committee 2014-15.

**AC/15/2016: REPORT TO THOSE CHARGED WITH GOVERNANCE
NEWRY MOURNE AND DOWN
STATUTORY TRANSITION COMMITTEE 2014 – 2015**

AGREED: On the proposal of Councillor Tinnelly seconded by Councillor Hearty 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).

AGREED: On the proposal of Councillor Tinnelly seconded by Councillor Hearty it was agreed the Committee come out of closed session.

AGREED: When the Committee came out of closed session the Chairman reported it had been agreed to note the Report to Those Charged with Governance for Newry Mourne & Down Statutory Transition Committee 2014-15.

**AC/16/2016: GUIDANCE RE: THE LOCAL GOVERNMENT (ACCOUNTS AND
AUDIT REGULATION) NORTHERN IRELAND 2015**

Read: Guidance on the Local Government (Accounts and Audit Regulation) Northern Ireland 2015 – Circular LG302015). (Copy circulated)

AGREED: It was agreed to note the Guidance on the Local Government (Accounts and Audit Regulation) Northern Ireland 2015 – Circular LG302015).

AGREED: It was agreed that a meeting of the Audit Committee be arranged mid September 2016 to meet new deadline for approval of Final Accounts.

Mr Campbell thanked Council officers for the good work they carried out during audits and he also extended thanks to the NI Audit Office for the audit work completed. He said he was satisfied all accounts had received an unqualified audit opinion which was positive for the Council but he did highlight the importance that Officers ensure all recommendations were implemented and that any risks be picked up in the Council's Corporate Risk Register.

He also stressed the importance that Council Officers ensure that audit responses were provided in a timely manner.

ASM INTERNAL AUDIT

AC/17/2016: INTERNAL AUDIT SUMMARY REPORT

AGREED: On the proposal of Councillor Tinnelly seconded by Councillor Hearty 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).

AGREED: On the proposal of Councillor Tinnelly seconded by Councillor Hearty it was agreed the Committee come out of closed session.

When the Committee came out of closed session the Chairman reported the Summary Report from ASM Limited dealt with the following 5 Internal Audit Reports:

- | | |
|--|---------------------|
| - Planning | (Limited Assurance) |
| - Procurement Purchasing and Contract Management | (Limited Assurance) |
| - Programme Management | (Limited Assurance) |
| - Off Street Car Parking | (Limited Assurance) |
| - Leisure | (Satisfactory) |

He referred to some activities which were related to the transfer of functions from DOE and Transport NI in respect of Local Government Reform which were not fully funded and are a risk for the Council. He said he was happy for the recommendations contained in the Summary Report from ASM Limited to be accepted.

Procurement

He referred to additional information which was circulated in relation to Procurement and suggested ASM Limited examine the content of the information as part of their

final fieldwork on Procurement Purchasing and Contract Management. Mr Campbell also asked that Management examine the timeframe for implementing recommendations for Procurement with the view to establishing how these can be actioned sooner.

AGREED: It was unanimously agreed:

- (a) To approve Reports from ASM Limited (Internal Auditors) for the following areas, and Management proceed with the implementation of the recommendations contained therein:**
 - Planning
 - Procurement Purchasing and Contract Management
 - Programme Management
 - Off Street Car Parking
 - Leisure

- (b) ASM Limited to consider additional information which was circulated to the Committee which related to issues which were highlighted in the Audit carried out on Procurement Purchasing and Contract Management.**

- (c) Management to examine the timeframe for the implementation of Internal Audit recommendations relating to Procurement in order that the implementation of these recommendations can be actioned sooner.**

Councillor Enright left the meeting at this point. (3.10pm)

NOTED: 3.10pm - No quorum was present from this point onwards, however it was agreed those Members remaining at the meeting would continue with discussion on the remaining items on the agenda.

During discussion reference was made to the projects highlighted by Internal Audit and the need for policies to be better defined in terms of purchase orders.

Reference was made to the need for additional training for staff and to the resource issues within the new Council which both needed to be addressed.

SUGGESTED WAY FORWARD:

- (a) Council Officers to carry out an urgent review of the Purchasing Policy relating to the use of Purchase Orders for items under £250. The revised Policy to be tabled at a meeting of SMT for consideration.**

- (b) Council Officers to examine the provision of a central storage system for the collection of information which will provide the evidence that 'competitive procurement' has taken place.**

It was noted that although there would be instances where Purchase Orders could not be raised such items should be supported with Council approval and recorded in Minutes.

Programmes Management

It was noted considerable work had been done to centralise the management of programmes and the Council had now established a Programmes Unit.

Mr Campbell asked that Internal Audit take into consideration the Management responses which were immediately actioned with regard to Programme Management and carry out a further review of this area before the end of the financial year.

SUGGESTED WAY FORWARD:

ASM Limited (Internal Audit) take into consideration the Management responses which were immediately actioned with regard to Programme Management and carry out a further review of Programme Management before the end of the financial year.

Off Street Car Parking

Read: Report dated 28 January 2016 from J McBride Change Manager providing a summary of issues regarding Off Street Car Parking. (Copy enclosed)

It was noted that since the transfer of Off Street Car Parking significant issues still remained regarding establishing the actual boundaries for Council responsibility for off street car parking and that such issues will have to be addressed at central Government level.

Mr Campbell said he was reassured by the Management's responses in relation to Off Street Car Parking and said there were a number of critical issues which needed to be addressed by Transport NI on a regional level as other Councils were experiencing similar issues regarding the transfer of this function.

Planning

It was noted the Council had carried out a review of Planning and recommendations arising from this review would be tabled for discussion at Council Meeting to be held on 15 February 2016.

In concluding, Mr Campbell thanked ASM Limited for providing comprehensive audit reports. He said the implementation of the recommendations contained in these reports will undoubtedly strengthen all the Council services which have been audited. He acknowledged that follow up reporting would be done on those areas which received a Limited Assurance rating and hoped to see these areas coming back to the Committee with improved assurances.

Mr Campbell welcomed the significant progress made on the Annual Internal Audit

Plan since the last Audit Committee Meeting and recognised further work had to be carried out. He thanked both ASM Limited and the Council Officers who were involved in the audits and again encouraged Management to respond to ASM Limited as promptly as possible on receipt of draft internal audit reports.

AUDIT SERVICES SECTION

AC/18/2016: PROGRESS REPORT RE: PROJECT PLAN TO ESTABLISH RISK MANAGEMENT FRAMEWORK

Read: Report dated 22 January 2016 from Mr S Wright, Officer regarding progress on a plan to establish a Risk Management Framework. (Copy circulated)

Mr Wright explained the Council needed to deliver its Annual Governance Statement in May 2016 and the Risk Management System was a key part of this statement.

Mr Campbell pointed out that every effort should be made by Officers to have a Risk Management Policy available for consideration and approval by Council on 7 March 2016.

SUGGESTED WAY FORWARD:

It was agreed to note Report dated 22 January 2016 from Mr S Wright, Officer, regarding progress on a plan to establish a Risk Management Framework.

AC/19/2016: RISK MANAGEMENT POLICY (DRAFT 0.1)

Read: Report dated 19 January 2016 from Mr S Wright, Officer, regarding a review of the Risk Management Policy (Draft 0.1). (Copy circulated)

Mr Wright circulated additional guidance notes which contained tabular information outlining the Councils approach to Risk Management.

Mr Campbell said it was important to ensure risk was embedded within the organisation and that the Council should adopt a single approach to this.

Both NIAO and ASM Limited indicated the Council Risk Management Policy should be proportionate and be a single approach in order that everyone will buy into it.

SUGGESTED WAY FORWARD:

The Risk Management Policy (DRAFT 0.1) to be referred to a SMT Meeting for consideration with a final Draft being presented thereafter to a Council Meeting for approval.

Mr Campbell said risk management was very important work and he thanked Mr S Wright for presenting the reports to the Audit Committee. He said he hoped that by

March 2016 the Council would have a Risk Management Policy in place with a consistent approach to the management of risk.

AC/20/2016: CORPORATE RISK REGISTER (CCR)

Read: Report dated 22 January 2016 from Mr S Wright, Officer, regarding the Corporate Risk Register (Version 0.1). (Copy circulated)

SUGGESTED WAY FORWARD:

It was agreed to note Council Officers would continue to work on the Corporate Risk Register. The Corporate Risk Register to be presented to the next Meeting of the Audit Committee to be held on Thursday 28 April 2016.

AC/21/2016: REVIEW OF IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS

Read: Report dated 22 January 2016 from Mr Wright, Officer regarding the Review of the Implementation of Internal Audit Recommendations for 2014/2015. (Copy circulated)

SUGGESTED WAY FORWARD:

A progress report on the Review of Implementation of Internal Audit Recommendations (Ref: 2015/16) to be reported back to the next Meeting of the Audit Committee to be held on Thursday 28 April 2016.

HEAD OF FINANCE

**AC/22/2016: REPORT OF CAPITAL SPEND – 31 DECEMBER 2015
MANAGEMENT ACCOUNTS – 7 MONTHS TO 31 OCTOBER 2015**

Read: Report of Capital Spend to 31 December 2015 and Management Accounts for 7 months to 31 October 2015. (Copy circulated)

Read: Report from Mr R Dowey, Head of Finance regarding Financial Report for Capital and Revenue Spend. (Copy circulated)

SUGGESTED WAY FORWARD:

It was agreed to note that both the Capital Spend Report to 31 December 2015 and Management Accounts for 7 months to 31 October 2015 have both been tabled at Members Budget Workshops.

There being no further business the meeting concluded at 4.25pm.

For consideration at the Council Meeting to be held on Monday 7 March 2016.

Signed: Mr J Campbell
Independent Chairperson

Signed: R Dowe
Head of Finance