

**NEWRY MOURNE AND DOWN DISTRICT COUNCIL**

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**Minutes of Audit Committee Meeting held on Thursday 28 April 2016 at 2.25pm in the  
Commedagh Room, Downshire Estate, Downpatrick**

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**Chairperson:** Mr J Campbell, Independent Member

**In Attendance:** **(Committee Members)**  
Councillor P Brown  
Councillor D Hyland  
Councillor M Murnin  
Councillor C Enright  
Councillor J Tinnelly

**Officials in Attendance:**

Mr L Hannaway	Chief Executive
Ms D Carville	Director Corporate Services
Mr M Lipsett	Director Active Healthy Communities
Mr K Montgomery	Finance Manager
Ms E McParland	Democratic Services Manager
Ms L Dillon	Democratic Services Officer

**Also in Attendance:**

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

**AC/26/2016: - APOLOGIES AND CHAIRPERSON'S REMARKS**

The following apologies were received:

Councillor C Casey  
Councillor C McGrath  
Councillor G Sharvin  
Mr C O'Rourke, Director Technical and Leisure Services  
Ms M Ward Director Enterprise Regeneration & Tourism

Mr Campbell welcomed everyone to the meeting, including Ms C Kane NIAO and Ms C Hagan ASM Limited. He also welcomed the new Director of Corporate Services, Ms D Carville to the meeting and wished her every success in her new post. He also welcomed Mr K Montgomery Finance Manager, to his first meeting of the Audit Committee.

Mr Campbell said there seemed to be a delay in issuing the papers for the Audit Committee Meeting and he asked Officers to endeavour to have the agenda papers sent out in a more timely fashion in order to give Members an opportunity to review them prior to the Meeting. He also encouraged Officers to try and have reports prepared for presentation in advance of the meeting rather than giving verbal reports at the meeting.

Mr Campbell asked the Members to consider the Audit Committee Work Plan/Timetetable which would be tabled as an additional item, and which set out the type of reports that should be sent to the Audit Committee and when these reports were due for tabling. He pointed out that there may be a need to review some of the Audit Committee dates.

**AC/27/2016: - DECLARATIONS OF INTEREST**

Ms Carville Director of Corporate Services declared an interest in Agenda Item 21, which was a report from the Northern Ireland Audit Office called The Governance of Land and Property in the Northern Ireland Housing Executive, as she had been an employee of the Northern Ireland Audit Office at the time the Report was prepared but she said she had no direct involvement with writing this Report and therefore would not be withdrawing from the meeting.

**AC/28/2016: - ACTION SHEET – MINUTES OF AUDIT COMMITTEE MEETING THURSDAY 28 JANUARY 2016**

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Read: Action Sheet arising out of Minutes of Audit Committee Meeting held on Thursday 28 January 2016. (Copy circulated)

**AGREED: It was agreed to note the Action Sheet arising out of the Minutes of the Audit Committee Meeting held on Thursday 28 January 2016.**

The following matter was raised arising out of the above Action Sheet:-

**(AC/07/2016) Policy on Landfill Site Closure Plans**

Read: Report dated 25 April 2015 from Mr J Parkes Assistant Director (Waste Management) regarding the development of a single policy for Newry Mourne & Down District Council for the decommissioning of refuse landfill sites. (Copy circulated)

During discussion reference was made to the following:

- What future plans the Council may have for Aughnagun and Drumnakelly landfill sites
- Issues concerning gas income and the completion of a wind turbine and the need for these issues to be kept under consideration from a financial management perspective.

Mr Hannaway explained the Council had no immediate future plans for Drumnakelly and Aughnagun landfill sites after completion of the closure of both sites and explained that investigation still needed to be done with regard to the landfill sites regarding gasification. Regarding a wind turbine Mr Hannaway said issues remained outstanding with regard to grid connection.

Mr Montgomery explained a refund for Landfill Tax was the subject of a claim against HMRC and was currently being progressed.

**NOTED:** Mr Campbell said that actions arising from the Special Audit Committee Meeting held on Tuesday 19 April 2016 would address the above issues raised and these would

report back to the appropriate Committee in due course.

## **NORTHERN IRELAND AUDIT OFFICE**

### **AC/29/2016: - ANNUAL AUDIT STRATEGY YEAR ENDING 31 MARCH 2016**

Read: Annual Audit Strategy year ending 31 March 2016. (Copy circulated)

Ms Kane presented the content of the Annual Audit Strategy and highlighted areas of significant risk and identified risk factors. She made specific reference to the following:

**4.3 Audit Certification deadline** – the audit deadline for certifying local government bodies' Accounts is now 30 September 2016.

**Noted:** It was noted a meeting of the Audit Committee was now scheduled Thursday 22 September 2016 to take into account the audit deadline for certification of local government bodies' accounts.

**4.5 Performance Improvement** – The Local Government (Northern Ireland) Act 2014 has prescribed new responsibilities for the Local Government Auditor regarding audit and assessment of performance improvement arrangements in Councils.

**Noted:** It was hoped NIAO would be in a position to bring further information to the next meeting of the Audit Committee regarding new prescribed responsibilities for Local Government Auditor regarding audit and assessment of performance improvement arrangements in Councils.

**5 Audit Timetable, staffing and fees** - Ms Kane also highlighted to Members the list of Key target dates listed under 5.2 and estimated audit fees under 5.3.

**AGREED: It was agreed to note the Annual Audit Strategy year ending 31 March 2016.**

### **AC/30/2016: - LOCAL GOVERNMENT CODE OF AUDIT PRACTICE**

Read: Local Government Code of Audit Practice. (Copy circulated)

Ms Kane presented the content of the Local Government Code of Audit Practice which was applicable from 1 April 2016. She said it was a principle based code which makes reference to audit performance and improvement.

**AGREED: It was agreed to note the Local Government Code of Audit Practice.**

## **INTERNAL AUDIT – ASM LIMITED**

*All items in this section of the meeting were deemed restricted in accordance with Part 1 of Schedule 6 of the Local Government Act (Northern Ireland) 2015.*

**AGREED:**               **On the proposal of Councillor Hyland seconded by Councillor Brown 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).**

### **AC/31/2016: -    REPORT RE: CORPORATE GOVERNANCE**

Read:                    Report from ASM Limited regarding Corporate Governance. (Copy circulated)

### **AC/32/2016: -    REPORT FROM ASM LIMITED RE: GRANTS MANAGEMENT**

Read:                    Report from ASM Limited regarding Grants Management. (Copy circulated)

### **AC/33/2016: -    ASM LIMITED: SUMMARY REPORT**

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

### **AC/34/2016: -    MATTERS RAISED BY COUNICLLOR C ENRIGHT**

The following items had been raised by Councillor C Enright:

- (a)    Concerns regarding interaction between Management and Councillors in the governance of the decision making process
  
- (b)    To request that the Audit Committee to draw up a clear end to end policy for the decision making process with a clear distinction between the roles of Councillors and of Management and the manner in which Council decisions may be influenced or overturned by Management legitimately.

### **AC/35/2016: -    DRAFT ANNUAL ASSURANCE REPORT**

(3.34pm – Councillor Hyland left the meeting)

Read: Draft Annual Assurance Report. (Copy circulated)

(3.50pm – Councillor Hyland re-joined the meeting)

**AC/36/2016: - REVIEW – IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS**

Read: Report from ASM Limited regarding a review on the implementation of Internal Audit recommendations. (Copy circulated)

**AC/37/2016: - INTERNAL AUDIT PLAN 2016/2017**

Read: Internal Audit Plan 2016/2017. (Copy circulated)

**AC/38/2016: - FOLLOW UP RE: PROGRAMME MANAGEMENT**

Ms C Hagan ASM Limited gave a verbal update regarding Programme Management.

**AC/39/2016: - FOLLOW UP RE: PRIOR YEAR RECOMMENDATIONS**

Ms C Hagan ASM Limited gave a verbal update regarding prior year recommendations.

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

When the Committee came out of closed session the Chairman reported as follows:

Report re: Corporate Governance

**AGREED: It was agreed to note the Report on Corporate Governance.**

Report re: Grants Management

**AGREED: It was agreed to note the Report on Grants Management.**

Summary Report

**AGREED: It had been agreed to note the Summary Report from ASM Limited.**

### Matters raised by Councillor C Enright

**Noted:** The Chairman pointed out the Council had held a Special Meeting of the Audit Committee on Tuesday 19 April 2016 regarding issues raised by Councillor C Enright to which Management responses had been provided and tabled at the said meeting. He said the actions arising from this meeting will be followed up in due course.

**AGREED:** **It was agreed Council Officials arrange to draw up a written report outlining the entire end to end process for Council decision making. This report to be submitted to a meeting of the Strategic Policy & Resources Committee for consideration.**

### Draft Annual Assurance Report

The Chairperson referred to the Internal Audit overall opinion of Limited Assurance in the Annual Assurance Report. He welcomed the fact the Council have been proactive regarding the new transferred functions, ie, Planning and Car Parking, which had received Limited Assurance ratings, and he recognised it would take a period of time for these functions to bed in. He however expressed disappointment that the Council had received a Limited Assurance rating and hoped that Management would ensure next year that the annual Internal Audit assurance can be increased to Satisfactory.

**AGREED:** **It had been agreed to note the Draft Annual Assurance Report.**

### Review of implementation of Internal Audit Recommendations

**Noted:** The Chairman expressed his concern at the length of time involved regarding the implementation of internal audit recommendations and he highlighted the importance that Management ensure they give their full co-operation to Internal Audit work and that recommendations to strengthen internal controls are implemented in a timely fashion.

The Chairperson requested that Management develop an Action Plan to progress the implementation of outstanding Internal Audit recommendations.

### Internal Audit Plan

**AGREED:** **On the proposal of Councillor Murnin seconded by Councillor Tinnelly it had been agreed to approve the Internal Audit Plan for 2016/2017.**

Follow up re: Programme Management

**AGREED: It was been agreed to note the update provided by Ms C Hagan ASM Limited regarding Programme Management.**

Follow up re: Prior Year Recommendations

**AGREED: It was agreed to note the update provided by Ms C Hagan ASM Limited regarding prior year recommendations.**

### **CORPORATE SERVICES**

#### **AC/40/2016: - UPDATE: CORPORATE RISK REGISTER**

Read: Report from Ms D Carville, Director of Corporate Services, regarding an update on the Corporate Risk Register. (Copy circulated)

Ms Carville explained the Corporate Risk Register had been produced based on the Corporate Risk Registers which existed in the both legacy Councils. She said further work was needed in order implement a full risk management framework and it was hoped to hold a workshop for Senior Management and Corporate Management Teams with the view to bringing a Corporate Risk Register to the next Meeting of the Audit Committee.

Mr Campbell extended his appreciation to Officers for the work done on risk management since the last meeting of the Audit Committee.

**AGREED: It was unanimously agreed to note the update from Ms D Carville Director of Corporate Services regarding the Corporate Risk Register.**

**It was also agreed to table the Corporate Risk Register at the next meeting of the Audit Committee to be held on Monday 4 July 2016.**

#### **AC/41/2016: - UPDATE – PURCHASING**

Read: Report dated 25 April 2016 from Mr K Montgomery providing an update on the time frame for the implementation of Internal Audit recommendations relating to Purchasing and Procurement. (Copy circulated)

Mr Montgomery referred to actions which had been agreed arising from the Audit Committee Meeting held in January 2016 regarding purchasing and procurement. He explained a review had been carried out in March 2016 by Officers and which was facilitated by an external group, regarding the entire purchase to payment process. Following the review a Purchase to Payment Improvement Plan has been developed and will be implemented over the next two month period which will focus on regulations, coding, authorisations, policy, procedures and processes.

Mr Montgomery also added that training on the Purchase to Payment Improvement Plan would be provided to all budget holders and requisitioners by August 2016. The Chairperson welcomed the Purchase to Payment Improvement Plan which he said hopefully would bring improvements on processes within procurement.

### **ADDITIONAL ITEMS**

#### **AC/42/2016: - PERFORMANCE IMPROVEMENT PLAN**

Read: Report dated 14 April 2015 from Mr J McBride, Change Manager regarding a recommended approach and timetable for the publication of a Performance Improvement Plan 2016-2017. (Copy circulated)

Ms Carville explained the Performance Improvement Plan had been tabled at the Strategic Policy and Resources Committee Meeting in April 2016. She added the Council had a duty under the Local Government Act 2015 to publish the Performance Improvement Plan.

Ms Carville said she would continue to bring reports of this nature to the Audit Committee.

**AGREED: It was agreed to note the Performance Improvement Plan.**

#### **AC/43/2016: - UPDATE RE: GREEN TOURISM**

Read: Report dated 28 April 2016 from Ms M Ward, Director of Enterprise, Regeneration and Tourism regarding the Green Tourism Project. (Copy circulated)

Ms Carville explained that arising from the Audit Committee Meeting in January 2016 it had been agreed that an item regarding the Green Tourism Programme remain on the agenda of the Audit Committee until such times as the Audit Committee had been advised on the response from Invest NI which the Council were currently awaiting.

Ms Carville said the Council had now received a response from Invest NI dated 29 February 2016 regarding "Findings of Article 13 Verification Visit and Invest NI Review of Project".

**AGREED: It was unanimously agreed that Officers ensure appropriate measures are put in place to prevent a similar situation arising with future projects, and that matters regarding the Green Tourism Project no longer be a standing item on the Audit Committee agenda as this matter will report back to Council in due course via the appropriate Committee.**



**AC/44/2016: - DOE ACCOUNTS DIRECTION 2015/2016  
NORTHERN IRELAND DISTRICT COUNCIL'S**

Read: Letter dated 4 April 2016 from DOE Local Government Policy Division regarding Accounts Direction 2015/2016 for Northern Ireland District Council's. (Copy circulated)

Ms Carville explained certain items needed to be included in the Council's accounts, in particular a remuneration report for which DOE have provided a template report for Council to follow and that this would be included in the Council's draft set of Accounts at the next meeting of the Audit Committee in July 2016.

**AGREED: A remuneration report will be included in the Council's draft set of Accounts at the next meeting of the Audit Committee in July 2016.**

**AC/45/2016: - NORTHERN IRELAND AUDIT OFFICE  
"MANAGING FRAUD RISK IN A CHANGING ENVIRONMENT"**

Read: Northern Ireland Audit Office Managing Fraud Risk in a Changing Environment – Self Assessment Checklists. (Copy circulated)

Ms Carville explained the NIAO had issued a checklist for new or merged organisations and she said this was a useful tool as the Council moves forward in its risk management process. She said the document referred to the role of the Audit Committee.

Councillor Enright pointed out there was no provision within the current Whistleblowing Policy for Councillors to blow the whistle.

**AGREED: It was agreed to complete the NIAO Checklist for Managing Fraud Risk in a Changing Environment and report this checklist back to the Audit Committee for discussion in order to establish the role of the Audit Committee in the control of fraud.**

**AGREED: It was also agreed Management review the Council's Whistleblowing Policy in light of concerns raised by Councillor C Enright regarding no provision in the Whistleblowing Policy for Councillors to blow the whistle.**

**Noted:** Council Officers will be examining the provision of fraud and bribery training.

**AC/46/2016: - NORTHERN IRELAND AUDIT OFFICE – THE GOVERNANCE OF LAND AND  
PROPERTY IN NORTHERN IRELAND HOUSING EXECUTIVE**

Read: Northern Ireland Audit Office The Governance of Land and Property in the Northern Ireland Housing Executive. (Copy circulated)

Ms Carville said it was good practice to bring reports such as the report produced by NIAO regarding the Governance of Land and Property in the Northern Ireland Housing Executive to the attention of the Audit Committee.

**AGREED:**               **It was agreed to note the report produced by NIAO regarding The Governance of Land and Property in the Northern Ireland Housing Executive .**

**AC/47/2016: -    AUDIT COMMITTEE TIMETABLE**

Read:                    Audit Committee Timetable. (Copy circulated)

Ms Carville explained the Audit Committee Timetable set out the work plan for each of the four Audit Committee meetings. She said if any meeting dates needed to be altered that this would be brought to the attention of Council for approval.

**AGREED:**               **It was agreed to note the Audit Committee Timetable.**

There being no further business the Meeting concluded at 4.45pm.

For consideration at the Council Meeting to be held on Monday 6 June 2016.

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

**Signed:**            **Mr J Campbell**  
                          **Independent Chairperson**