

NEWRY MOURNE AND DOWN DISTRICT COUNCIL

Minutes of the Audit Committee Meeting held on Thursday 29 October 2015 at 2.00pm in the Boardroom, District Council Offices, Monaghan Row, Newry.

Chairperson:	Mr J Campbell	Independent Member
In Attendance:	(Committee Members) Councillor P Brown Councillor C Casey Councillor C Enright Councillor T Hearty Councillor D Hyland	
Officials in Attendance:	Mr E Curtis	Director Strategic Planning & Performance
	Mr R Dowey	Head of Finance
	Mr S Wright	Officer
	Mr G McGivern	Officer
	Ms L Dillon	Democratic Services Officer
Also in Attendance:	Ms C Hagan	ASM (Internal Auditors)

AC/19/2015: APPOINTMENT OF MR JOE CAMPBELL INDEPENDENT MEMBER OF AUDIT COMMITTEE

Mr Dowey welcomed Mr Joe Campbell the newly appointed Independent Member and Chairperson of the Audit Committee to the meeting.

He also introduced Ms Christine Hagan from ASM, who had been appointed to provide internal audit services for the Council.

Mr Dowey introduced the Council Officers present advised that Mr Steve Wright was currently responsible on a temporary basis for carrying out some of the audit and risk investigation work within the Council.

AC/20/2015:- APOLOGIES AND CHAIRPERSON'S REMARKS

The following apologies were received:

Mr L Hannaway Chief Executive
Councillor C McGrath
Councillor M Murnin
Councillor J Tinnelly

Mr Campbell said he was delighted to be appointed as Independent Member of the Newry Mourne & Down District Council Audit Committee. He explained his past experience was mostly in finance, audit and corporate governance and added he currently held positions in the Audit Committees of SEUPB and NI Commissioner for Children and Young People and had recently been appointed as a non-executive Director of the Western Health & Social Care Trust with specific responsibility for financial oversight. He added he had also held the post of City Treasurer in Derry City Council for 15 years up to November 2013 and he hoped that his experience would be beneficial for the Audit Committee going forward.

AC/21/2015: DECLARATIONS OF INTEREST

Noted: No declarations of interest were received.

AC/22/2015: ACTION SHEET – MINUTES OF AUDIT COMMITTEE MEETING THURSDAY 21 JUNE 2015

Read: Action sheet arising out of minutes of Audit Committee Meeting held on Thursday 21 June 2015. (Copy circulated)

The following issues were raised arising out of the above Action Sheet:

AC/09/2015 – Internal Audit Annual Assurance Report (NMDC)

ICT issues

Noted: A report has been prepared and passed to ASM Internal Auditors regarding on-going ICT issues within the Council. This matter will be reported back to the Audit Committee via ASM Internal Auditors at a later stage.

Internet Access – Councillors

Noted: Internet access to Councillors to include access to BBC News website.

Completion of Audits

Noted: In response to concerns regarding the lack of information being provided to Internal Audit to allow completion of audits, it was noted that all Directors had been informed that any information requested to complete audits must be prioritised and provided without delay.

AC/06/2015 – Terms of Reference

Noted: Councillor Enright said he was not content that the Audit Committee Terms of Reference reflected Treasury guidelines.

Agreed: It was agreed to note the action sheet arising out of minutes of the Audit Committee Meeting held on Thursday 21 June 2015.

AC/23/2015: RISKS ASSOCIATED WITH EU FUNDED PROJECTS

Read: Report dated 29 October 2015 from Mr S Wright regarding risks associated with EU funded projects. (Copy circulated)

Green Tourism Programme – Invest NI

Agreed: On the proposal of Councillor Hyland seconded by Councillor Casey 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 Casey seconded by Councillor Hyland it was agreed the Committee come out of closed session.

Agreed: When the Committee came out of closed session, the Chairman reported it was unanimously agreed as follows:

- (a) Relevant Council Officers to meet with the funding body, Invest NI, to try to resolve matters regarding the Green Tourism Programme.
- (b) Relevant Council Officers to meet with representatives from the legacy Down District Council, Banbridge District Council, Newry & Mourne District Council and Ards Borough Council to discuss matters regarding Invest NI funding for the Green Tourism Programme.
- (c) Following investigation by Officers and when final decision is received from Invest NI, a full report to be compiled regarding funding for the Green Tourism Programme and tabled at the Audit Committee in due course.

Noted: ASM Internal Audit will be conducting a review of grant management which may identify issues relating to the Green Tourism Programme funding.

Ballyholland Community Centre – DARD

Agreed: On the proposal of Councillor Hyland seconded by Councillor Casey 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 Casey seconded by Councillor Hyland it was agreed the Committee come out of closed session.

Agreed: When the Committee came out of closed session, the Chairman reported it was noted that on receipt of a reply from DARD, a report will be submitted back to the Audit Committee.

AC/25/2015: PROPOSALS

RE: ANNUAL GOVERNANCE STATEMENT 2015-16

Read: Report dated 29 October 2015 from Mr S Wright outlining proposals for an Annual Governance Statement 2015-16 for the new Newry, Mourne and Down District Council. (Copy circulated)

Mr Campbell said that the work involved with the Internal Audit and Risk Management will be an important part of the Annual Governance Statement and added that issues raised in the Annual Governance Statements for the legacy Councils will be reviewed in this year's Internal Audit Plan.

Internal Audit will provide the Audit Committee with an annual assurance.

Noted: Annual Governance Statements for both legacy Councils will have been approved by NIAO as part of their audit of the 2014/15 Annual Accounts.

**AC/26/2015: ESTABLISHMENT OF RISK MANAGEMENT FRAMEWORK
NEWRY MOURNE AND DOWN DISTRICT COUNCIL**

Read: Report dated 29 October 2015 from Mr S Wright outlining a proposed approach for the establishment of a Risk Management Framework for Newry, Mourne and Down District. (Copy circulated)

Noted: It was noted that the necessary structures were not in place at present to allow the implementation of the Risk Management Framework.

Mr Curtis pointed out that risks were being managed by staff on an on-going basis.

Agreed: It was unanimously agreed as follows:

(a) A Draft Risk Management Strategy be drafted for discussion at the Senior Management Team Meeting, and thereafter to be tabled at the next Meeting of the Audit Committee to be held on Thursday 28 January 2016.

(b) A Draft Corporate Risk Register to be completed, including identifying high scoring risks and what mitigating actions have been put in place by Management to manage the risk level, and this document be discussed at the Senior Management Team and

thereafter be tabled for approval at the next Meeting of the Audit Committee to be held on Thursday 28 January 2016.

(c) Roles and responsibilities in terms of managing risk to be identified and all Directors ensure their staff are aware of their responsibilities for risk management, ie, identifying risk, monitoring and managing risk in the absence of an approved Risk Management Framework for the new Council.

Mr Campbell also referred to the post of Audit Services /Risk Investigations Officer which was critical in terms of risk management and the coordinating role with the Internal Auditors and encouraged the Senior Management Team to make arrangements to have this position filled on a permanent basis as soon as possible.

Ms Hagan ASM added that if risk is being managed within the Directorates then those Directorates should be recorded in the Directorate Risk Registers and presented for review at Senior Management Team Meetings. The management of risk could be recorded as a review activity in the Council's development of the Annual Governance Statement.

**AC/27/2015: CONSULTATION
RE: DRAFT CODE OF AUDIT PRACTICE
FOR LOCAL GOVERNMENT BODIES**

Read: Letter dated 2 September 2015 from NIAO regarding a consultation on the Draft Code of Audit Practice for Local Government Bodies. (Copy circulated)

Agreed: **On the proposal of Councillor Hyland seconded by Councillor Casey it was agreed to note the above correspondence.**

ASM INTERNAL AUDIT

**AC/28/2015:- INTERNAL AUDIT
PROGRESS REPORT**

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

Agreed: When the Committee came out of closed session, the Chairman reported had been agreed as follows:

(a) On the proposal of Councillor Hyland seconded by Councillor Brown it was agreed to unanimously approve the revised Internal Audit Plan 2015/16, (which included only minor amendments to the titles of two *Assurance Reviews*).

(b) ASM Internal Auditors to provide a summarised Internal Audit Report to the Audit Committee rather than tabling the full reports.

(c) On the proposal of Councillor Casey seconded by Councillor Hyland it was agreed that Council Officials ensure relevant information is furnished to ASM Internal Auditors as a matter of urgency on issues raised in relation to Procurement and Contract Management, to allow the finalisation of the Report by late November/early December 2015.

(d) In light of the timeframe to complete a follow up review of prior year recommendations, ASM Internal Audit will carry out substantive audit work on only those recommendations issued as *limited assurance reviews* and any *priority 1* recommendations raised in respect of the other assurance reviews.

Noted: To note that the majority of the Internal Audit Reports for 2015/16 have been significantly progressed and are on target to be presented at the Audit Committee Meetings in January 2016 and April 2016.

Mr Campbell asked Directors to remind officers of the importance of adhering to the procurement policy.

NIAO

AC/29/2015: NORTHERN IRELAND AUDIT OFFICE

Mr Dowey advised that the following accounts were now signed off by NIAO and a notice will be issued in the press informing the public these Accounts will be available to view via the Council Website.

Shadow Council Accounts
Peace III Accounts
Legacy Newry & Mourne District Council Accounts
Legacy Down District Council Accounts

He added that the Reports to Those Charged with Governance from NIAO in respect of those accounts will be presented at the Audit Committee Meeting in January 2016 by a representative from NIAO.

HEAD OF FINANCE

AC/30/2015: UPDATE RE: AUDIT ISSUES FINANCE AND RISK

Read: Report dated 29 October 2015 from Mr R Dowey, Head of Finance on Audit issues that have arisen and that are likely to arise.
(Copy circulated)

Agreed: It was agreed to mark the above Report noted.

AC/31/2015: TRAINING RE EFFECTIVE AUDIT & RISK COMMITTEE

Read: Report from Mr R Dowey Head of Finance giving details on training courses provided by On Board Consultancy for Audit Committee Members and outlining the following 2No. options: (Copy circulated)

Training Course – Effective Audit and Risk Committee

Wednesday 4 November 2015

The Mount Conference Centre Belfast

£225 plus VAT per person

or

Training Course provided 'in-house' – half day (3/4 hours)

£750 plus VAT (fixed price)

All members of Audit Committee can attend and any other interested Members

Agreed: It was unanimously agreed to proceed with arrangements with 'On Board Consultancy', to hold a Training Course on Effective Audit and Risk Committee at a cost of £750 plus VAT.

- The training will be open to Members of the Audit Committee and any other interested Councillors.
- To be held before the next Audit Committee Meeting in January 2016.
- Content of training course be tailored to the needs of the Council where possible and the Chairperson of the Audit Committee, Mr J Campbell, to also attend the course.

There being no further business the meeting concluded at 3.35pm.

For consideration/noting at the Council Meeting to be held on Monday 1 February 2016.

Signed: R Dowey
Head of Finance