

July 2nd, 2019

Notice Of Meeting

You are invited to attend the Audit Committee Meeting to be held on **Wednesday, 3rd July 2019 at 2:00 pm** in **The Mourne Room (Downshire Civic Centre Downpatrick).**

Councillor P Byrne

Councillor W Clarke

Councillor L Devlin

Councillor C Enright

Councillor M Gibbons

Councillor O Hanlon

Councillor H Harvey

Councillor A Lewis

Councillor G Sharvin

Councillor M Ruane

Agenda

1.0 Introduction and Apologies

- Cllr W Clarke
- Cllr C Enright

2.0 Delcarations of Interest.

3.0 Action Sheet - Audit Committee Meeting April 2019. (Copy attached)

 *Action Sheet - Audit Cmttee April 2019.docx*

Page 1

4.0 To agree dates and start times for Audit Committee Meetings 2019-2020. (Copy attached)

 *Audit Cmttee Mtg Start Times.docx*

Page 6

5.0 Members Training. (Verbal update)

6.0 Annual Report 2018/19 from Independent Chairperson of Audit Committee. (Copy attached)

 *Item 6 Rpt re AC Annual Report.docx*

Page 7

 *Item 6 AC Annual Report 2018-19.docx*

Page 8

Internal Audit (CLOSED SESSION)

7.0 ASM 4 Year Internal Audit Plan. (Copy attached)


This item is deemed to be restricted 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) and the public may, by resolution, be excluded during this item of business.

 *Item 7 2019 to 2023 NMDDC Draft IA Strategy EXEMPT INFO.pdf*


Not included

Corporate Services

8.0 Presentation of the Financial Statements and AGS. (Copy attached)

 *Item 8 Statement of Accounts 2018-19.ppt*

Page 15

 <i>Item 8 SOA part one.pdf</i>	<i>Page 28</i>
 <i>Item 8 SAO part two.pdf</i>	<i>Page 67</i>
 <i>Item 8 SOA part three.pdf</i>	<i>Page 78</i>
 <i>Item 8 SOA part four.pdf</i>	<i>Page 114</i>



9.0 NMDDC Assurance Mapping and Code of Governance. (Copy attached)

 <i>Item 9 Rpt re Assurance Framework and Code of Governance.docx</i>	<i>Page 129</i>
 <i>Item 9 re AF - CoG.doc</i>	<i>Page 131</i>

10.0 Corporate Risk Register. (Copy attached)

 <i>Item 10 Rpt re CRR - July 2019.docx</i>	<i>Page 148</i>
 <i>Item 10 Cor Risk Register.pdf</i>	<i>Page 150</i>
 <i>Item 10 CRR Summary Sheet - July 2019.xlsx</i>	<i>Page 172</i>



11.0 Fraud and Whistleblowing Update. (Copy attached)

 <i>Item 11 Rpt re Fraud and Whistleblowing.docx</i>	<i>Page 174</i>
 <i>Item 11 Summary Fraud and WB Register 2019-20.docx</i>	<i>Page 176</i>

12.0 Direct Award Contracts. (Copy attached)

 <i>Item 12 Rpt re STA-DAC.docx</i>	<i>Page 177</i>
 <i>Item 12 STA report - 1st Quarter 2019-20.xlsx</i>	<i>Page 179</i>




13.0 Update re: Audit Recommendations. (Copy attached)

 <i>Item 13 Rpt re Update on Audit Recommendations.docx</i>	<i>Page 181</i>
 <i>Item 13 Audit Follow Up Tracker - July 2019.xlsx</i>	<i>Page 184</i>



Performance

14.0 Performance Improvement Plan 2019-20. (Copy attached)

 <i>Item 14 re Performance Improvement Plan 2019-20.pdf</i>	<i>Page 192</i>
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 Item 14 <i>Appendix 1 Performance Improvement Plan 2019-20 v2.pdf</i>	Page 195
 Item 14 <i>Appendix 2 Consultation and Engagement Report 2019-20 v2.pdf</i>	Page 232
 Item 14 <i>Appendix 3 Draft Objective Delivery Plans 2019-20 v2.pdf</i>	Page 246

15.0 NIAO - Progress Report re: Proposals for Improvement . (Copy attached)

 Item 15 <i>Rpt re Proposals for Improvement 2018-19.pdf</i>	Page 272
 Item 15 <i>Appendix 1 Proposals for Improvement Progress Report.pdf</i>	Page 275

NIAO

16.0 Local Government Audit Report 2019. (Copy attached)

 Item 16 <i>Local Government Auditor's Report 2019.pdf</i>	Page 288
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Circulars

17.0 LG 20/2019 - Addendum to Local Government Performance Improvement Guidance. (Copy attached)

 Item 17 <i>Local Gov Performance Improvement Guidance.pdf</i>	Page 352
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ACTION SHEET – AUDIT COMMITTEE MEETING

OUTSTANDING ISSUES FROM 11 JANUARY 2018

Minute Ref	Subject	Decision	Lead Officer	Actions taken/ Progress to date	Remove from Action Sheet Y/N
AC/18/2018	Internal Audit Asset Summary Report	<ul style="list-style-type: none"> A status report on the Grants Database be brought back to Committee. 	D Carville/G Byrne	ITPG approved project mandate on 22.6.18. SPU have a consultant working on finalising the Financial Assistance policy. The Grants Database will be procured on the basis of this policy.	N

ACTION SHEET – AUDIT COMMITTEE MEETING

15 APRIL 2019

Minute Ref	Subject	Decision	Lead Officer	Actions taken/ Progress to date	Remove from Action Sheet Y/N
AC/024/2019	Action Sheet arising from Audit Committee Meeting held on Tuesday 15 January 2019	To note the Action Sheet and remove those actions marked for removal, with the exception of AC/018/2019 regarding Grants Database which would remain on the Action Sheet.	J Campbell	Noted	Y
AC/025/2019	Appointment of Independent Chair of Audit Committee	To note Ms Brona Slevin had been appointed as the new Independent Chairperson of the Audit Committee for the next four-year term.	D Carville	Noted	Y
AC/026/2019	Terms of Reference	To note the Audit Committee Terms of Reference which have been formally approved at Council Meeting on 4 March 2019.	D Carville	Noted	Y

AC/027/2019	Corporate Risk Register	To note the Corporate Risk Register Report.	D Carville	Noted	Y
AC/028/2019	Prompt Payments	To note the Report regarding Prompt Payments Statistics.	K Montgomery	Noted	Y
AC/029/2019	Fraud & Whistleblowing	To note the Report regarding Fraud & Whistleblowing.	G Byrne	Noted	Y
AC/030/2019	Direct Award Contract Register (DAC)	To note Report regarding the Direct Award Contract Register (DAC) .	G Byrne	Noted	Y
AC/031/2019	Update - Audit Recommendations	To note the update on Audit Recommendations report.	G Byrne	Noted	Y
AC/032/2019	Timetable Year End Accounts	To note Timetable for Year End Accounts.	G Byrne	Noted	Y
AC/033/2019	NIAO Audit Strategy	(Exempt Item) To note the NIAO Audit Strategy.	T Wilkinson	Noted	Y

AC/034/2019	ASM Summary / Progress Report	To note the ASM Summary / Progress Report, including reports on: - Validation of Performance Indicators - Environmental Health - Enterprise Employment and Regeneration - HR Management Policies and Procedures - Follow up on 2017/18 Recommendations	C Hagan	Noted	Y
AC/035/2019	ASM Annual Assurance Report	To note ASM Annual Assurance Report	C Hagan	Noted	Y
AC/036/2019	Consolidated Councilors Allowances	To note Circular LG 07/2019 from Department for Communities regarding Consolidated Councilor Allowances.	G Byrne	Noted	Y
AC/037/2019	Partnerships between Depts and Arms Length Bodies – NI Code of	To note Circular DAO 03/2019 from Dpt of Finance re Partnerships between Depts and Arms Length Bodies – NI Code	G Byrne	Noted	Y

	Practice	of Practice:		
AC/038/2019	Accounts Direction 2018/19 – NI District Councils	To note Circular LG 12/19 from Dpt for Communities re Accounts Direction 2018/19 – NI District Councils.	G Byrne	Noted
				Y
AC/039/2019	Declaration of Acceptance of Office	To note Circular DAO 06/19 from Dpt for Communities re Declaration of Acceptance of Office.	G Byrne	Noted
				Y
AC/040/2019	Template for Councillors Allowance Return	To note Circular LG 13/2019 from Dpt for Communities re Record of Councillors' and Committee Members' Allowances funded by Council 2018/19.	G Byrne	Noted
				Y
AC/041/2019	Annual Theft and Fraud Report 2017/18.	To note Circular from Dept of Finance re Annual Theft and Fraud Report 2017/18.	G Byrne	Noted
				Y
END				

AUDIT COMMITTEE
(held quarterly)

Date	Time	Location
3 July 2019	2.00 pm	Downpatrick
23 September 2019	TBC	Downpatrick
9 January 2020	TBC	Downpatrick
23 April 2020	TBC	Downpatrick

(NB: Start times will be agreed at AC Meeting 3 July 2019)

Report to:	Audit Committee
Date of Meeting:	3 July 2019
Subject:	Audit Committee Annual Report 2018-19
Reporting Officer (Including Job Title):	Dorinnia Carville, Director of Corporate Services
Contact Officer (Including Job Title):	Joe Campbell, Independent Chair of Audit Committee

Decisions required: Members are asked to consider and approve the contents of this report prior to reporting to Council.

1.0	Purpose and Background: The Annual Report summarises the key activities and highlighting any key issues arising throughout the year. This report will inform the Governance Statement contained within the Council's Annual Accounts.
2.0	Key issues: The Annual Report of the Newry Mourne and Down Audit Committee for 2018-19 is attached.
3.0	Recommendations:
3.1	Members are asked to consider and approve the Annual Report of the Audit Committee 2018-18. 9
3.2	The approved Annual Report of the Audit Committee 2018-19 to be reported to Council.
4.0	Resource implications
4.1	None.
5.0	Equality and good relations implications:
5.1	None.
6.0	Appendices
	Appendix 1 – Audit Committee Annual Report for 2018-19

Newry, Mourne and Down District Council
Audit Committee
Annual Report for 2018/2019

1. Overview

This Annual Report provides an overview of the Audit Committee activities for the Financial Year 2018/19 and demonstrates how the Committee has met its key responsibilities.

The Audit Committee met on five occasions during the year; four standard meetings on 5th July 2018, 20th September 2018, 15th January 2019 and 15th April 2019 and a special meeting on 15th February 2019. A programme of work has been agreed by the Audit Committee and is allocated over a schedule of four meetings during the year.

The role of the Audit Committee is to support the Chief Executive (Accounting Officer) and Council by reviewing the comprehensiveness and reliability of assurances on governance, risk management, the control environment and the integrity of the financial statements.

2. Attendance

2.1 Members' attendance at committee meetings were as follows:

	Audit Committee	Audit Committee	Audit Committee	Spec Audit Committee	Audit Committee	Totals
	05-Jul-18	20-Sep-18	15-Jan-19	15-Feb-19	15-Apr-19	
Mr J Campbell	✓	✓	✓	✓	✓	5 / 5
Cllr P Bryne	✓	✓		✓		3 / 5
Cllr C Casey	✓		✓	✓	✓	4 / 5
Cllr W Clarke		✓		✓	✓	3 / 5
Cllr L Devlin				✓		1 / 5
Cllr M Murnin	✓		✓	✓	✓	4 / 5
Cllr M Ruane	✓	✓	✓	✓	✓	5 / 5
Cllr G Sharvin	✓					1 / 5
Cllr J Tinnelly	✓	✓				2 / 5
Cllr J Trainor	✓	✓				2 / 5

2.1 Mr Joe Campbell was appointed as an Independent Member of the Audit Committee on 14th September 2015 and in accordance with the Committee's terms of reference took up the role of Chairperson. He stepped down on 15th April 2019 following the end of his term.

2.2 The Audit Committee meetings requires the attendance of the Chief Executive, the Director of Corporate Services and the Internal Auditors. The Audit Services Manager, Assistant Director of Finance and NIAO representatives also usually attend and the Senior Management Team and other Senior Officers attend by invitation.

3. Performance Evaluation

3.1 In accordance with best practice, the Audit Committee self-assessed its performance against the National Audit Office Checklist for Audit Committees during the year and the results were presented to the meeting on 15th January 2019 and the Committee agreed the following actions/recommendations to build effectiveness:

Principle 2: Skills

(a) Parties to be asked to give consideration to appointing Elected Members for a term greater than one year where possible to build up knowledge and skills

Principle 3 and 4: The role and scope of the Committee

(b) Review the Committee's terms of reference in accordance with HMT Guidance

(c) Bring a paper on Cyber Risk Management to a future meeting

(d) Bring a paper on Assurance Mapping to a future meeting

(e) Bring a paper on the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption to a future meeting

Principle 5: Communication and reporting

(f) To ensure Internal Audit reports are completed and timely reported to Audit Committee

(g) Officers to strive to ensure that all papers are provided on a timely basis to Democratic Services so that papers are issued in compliance with standing orders so that Members have adequate time to review.

Members can take reassurance from the number of good practice questions that have been answered 'yes' demonstrating that the Audit Committee is following best practice and operating effectively.

3.2 An appraisal of the Chairperson performance was also completed by the Chief Executive and Councillor Casey and was deemed satisfactory.

3.3 All actions arising from the 2017/18 Self-Assessment were completed.

4. Terms of Reference

A review of the Audit Committee's Terms of Reference was undertaken and approved by Council on 5th March 2019 as part of the review of the terms of references of all Committees of Council. The Audit Committee noted the approved Terms of Reference at its meeting on 15th April 2019.

5. 2017/18 Financial Statements and External Audit

The Council's Audited Financial Statements for 2017/18 including the Annual Governance Statement were reviewed by the Audit Committee on 20th September 2018. The Committee also reviewed the draft report to those charged with governance.

The Audit Committee was pleased to note that the Northern Ireland Audit Office (NIAO) had certified the financial Statements with an unqualified audit Opinion and the Audit Committee approved the Accounts for signing within the statutory deadline of 30th September 2018.

The Audit Committee noted the contents of final report to those charged with governance with management responses and the Annual Audit Letter at its meeting on 15th January 2019.

6. Risk Management

The Committee welcomed the continued good progress made by Officers on Risk Management and the structure put in place to ensure ownership and management of risk at all levels of the organisation.

The Council has a Corporate Risk Register which identifies the key corporate level risks faced, and to be managed. Each corporate risk is linked to specific priorities set out by the Council in its Corporate Plan. The Corporate Risk Register and mitigating actions are scrutinised at each Audit Committee meeting. Risk management is also a standing agenda item at monthly meetings of the SMT.

There were 11 corporate risks on the Corporate Risk Register at April 2019 and the corporate risks with the highest residual scores were as follows:

- CR. 05 – Failure to provide timely planning decisions (4 * 4 = 16)
- CR. 06 - IT Services do not support the Statutory, Strategic or Operational requirements of Council (4 * 4 = 16)
- CR. 09 – Failure to implement an economic development programme to regenerate the district and attract inward investment due to financial uncertainties caused by the current economic and political climate (4 * 5 = 20)
- CR. 10 – Risk of industrial relations deteriorating as we go through a period of change which could potentially lead to industrial action and a disruption to services (4 * 4 = 16)
- CR. 11 – Accidents/injuries may occur if health and safety of service users and staff is not considered, with a particular focus on Fire Risk Assessments (5 * 3 = 15)

7. Internal Audit

7.1 ASM Limited were appointed on 1st April 2015 as Internal Auditors for a period of 3 years. The Audit Committee on 8th December 2016 agreed to extend the contract with ASM Limited for the provision of the Council's internal audit services, for a further 1 year to 4 years via Direct Award Contract, subject to a satisfactory completion review at the end of each year. ASM were extended for 2018/19 which allowed for the completion of the 4 Year Internal Audit Cycle.

7.2 The Internal Audit Plan for 2018/19 was delivered in full. 9 Internal Audit Reports were reported to the Audit Committee during the year, 8 of which received a satisfactory assurance rating. One service, Facilities Management – Canteens received a limited assurance rating. Members commended this excellent result.

7.3 The Internal Auditors also reported to a special meeting on 15th February 2019 their findings in respect of the Council's procurement and erection of the Big Screen in Newry and highlighted the need to progress with those issues identified as key lessons to be learned.

7.4 Internal Audit Annual Assurance Opinion

The Committee reviewed the Annual Internal Audit Assurance Report for 2018/19 at its meeting on 15th April 2019 and noted the Auditor's overall opinion that the Council's systems in relation to internal control, risk management and governance were in general adequate and operated effectively and they were able to provide satisfactory assurance in relation to the effective and efficient achievement of the Council's objectives.

The Audit Committee welcomed the overall opinion of Satisfactory Assurance and commended Officers for their good work. The Committee also requested regular progress updates on the actions taken to address the significant issues referred to in Annual Internal Audit Annual Assurance Report.

7.5 Follow up Review of Internal Audit Recommendations

The Committee also reviewed on 15th April 2019 a follow up report from Internal Audit on the Implementation of Prior Year Internal Audit Recommendations for 2017/18. Disappointingly, only 8 (17%) out of the 48 recommendations examined were fully implemented, a further 21 (44%) were partially implemented, 17 (35%) were not yet implemented, 1 (2%) no longer accepted and 1 (2%) unable to test implementation. The Audit Services Manager will report on progress to the Audit Committee during 2019/20.

The Audit Services Manager also reported progress on the implementation of the 2015/16 and 2016/17 outstanding Internal Audit Recommendations during the year and at 31st March 2018, 34 (81%) out of the 42 recommendations examined were fully implemented for 2017/18 32 (51%) out of the 63 recommendations examined were fully implemented.

The Committee emphasised the importance of Officers continuing to give their full co-operation to Internal Audit work and to ensure recommendations to strengthen internal controls were implemented in a timely fashion.

7.5 Tender for Internal Audit Services

The current contract with ASM ended on 31st March 2019. The Council completed a public tendering competition for the next Council term and ASM have been successful and reappointed on a 4 year contract commencing 1st April 2019..

7.6 Approval of Internal Audit Plan 2019/20 and Internal Audit Strategy

The Annual Internal Audit Plan for 2019/20 and the Internal Audit Strategy for 2019/20 to 2022/23 will be brought to the Audit Committee meeting in July 2019 for approval.

8. External Audit Strategy

The NIAO presented their Annual Audit Strategy for the Year Ending 31 March 2019 to the Audit Committee on 15th April 2019. The Audit Certification deadline for certifying local government bodies' Accounts is 30 September 2019 and to ensure compliance a meeting of the Audit Committee will be scheduled for 23rd September 2019 to review and approve the Audited accounts so they can be signed by the statutory deadline.

NIAO have identified two significant risks, Weaknesses in Procurement and Contract Management and Weaknesses in Controls over the Completeness and Valuation of Fixed Assets which they will review as part of their audit plan.

9. Performance Improvement Arrangements

The Audit Committee were presented with the Improvement Audit and Assessment Report 2018/19 by NIAO at its meeting on 15th January 2019 which audited the Council's assessment of its performance for 2017/18 and its 2018/19 improvement plan.

The Committee welcomed that the Councils Performance Improvement and Assessment Arrangements had been certified with a standard unqualified opinion by the NIAO Audit having discharged its performance and reporting duties under Part 12 of the Act and acted in accordance with the Guidance issued by the Department for Communities.

Whilst the Strategic Policy and Resources Committee has responsibility for Performance Improvement, NIAO have also recommended that the Audit Committee track progress on their implementation.

10. Acknowledgments

As this is my last Annual Report, I wish to extend my thanks to the Members for their support during my time in office and to the political parties for ensuring continuity of membership on the Committee from year to year. On behalf of the Audit Committee I wish also to thank officers, the Internal and External Auditors for their openness and engagement with the Committee, thereby allowing it to meet its responsibilities.

Finally, I welcome and extend my best wishes to Brona Slevin, the newly appointed Independent Chairperson of the Audit Committee.

Joe Campbell
Independent Chairperson
17 May 2019

Statement of Accounts Presentation to Audit Committee 5 July 2019

Ag freastal ar an Dúin agus Ard Mhacha Theas
Serving Down and South Armagh



Comhairle Ceantair
an Iúir, Mhúrn
agus an Dúin

Newry, Mourne
and Down
District Council

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Key changes to Format of Accounts 2018/19

- Telling the Story
- Enhanced narrative reporting

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For attention of Audit Committee

- Fixed Asset revaluation in year by LPS
- General Power of Competence not used
- No changes to accounting policies
- No significant changes to the Council's business

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Narrative Report – highlights (Pages 3 to

16)

- Overview of Council – externally and internally
- Linking strategic objectives to outcomes
 - corporate plan objectives
 - community plan
 - local development plan
 - performance objectives
- Expenditure and Funding Analysis
- Governance, assurance framework and risks
- Financial Performance – current and future capital projects
- Outlook and future uncertainties



Remuneration Report (pages 29 to 35)

- Councillors - allowances, travel and subsistence, courses (in total)
 - link to Council's website; allowances per individual Councillor
- Senior Employees – salary, benefits in kind
- Exit packages of staff
- Pension details

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[Governance Statement – highlights \(page 18 – 28\)](#)

- Governance Structures embedded
- Procedures around risk management and assurance framework embedded
- **Satisfactory** assurance received from Internal Audit
- 1 Limited assurance opinion in area of facilities management
- Key areas of risk identified include [procurement and contract management, IT transformation project, economic and political climate, Belfast Region City Deal, Big Screen Investigation and Planning backlog]



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Expenditure and Funding Analysis (EFA) -

page 61

	2018/19			2017/18		
	Net Expenditure Chargeable to the General Fund	Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement	Net Expenditure Chargeable to the General Fund	Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£	£	£	£	£	£
Chief Executive	2,105,868	(1,616)	2,107,484	2,333,898	2,557	2,331,341
Corporate Services	14,064,977	2,542,038	11,522,939	12,207,751	2,451,831	9,755,920
Enterprise, Regeneration & Tourism	7,811,167	(2,626,890)	10,438,057	6,633,254	(4,720,533)	11,353,787
Neighbourhood Services	22,894,813	(3,204,750)	25,899,563	21,807,292	(4,506,745)	26,314,037
Active & Healthy Communities	8,791,613	(4,872,582)	13,664,295	7,951,913	(2,562,024)	10,513,937
Net Cost of Services	55,668,438	(8,165,900)	63,672,338	50,934,108	(9,334,914)	60,269,022
Other Income and Expenditure	(53,488,562)	1,588,758	(55,077,320)	(53,552,331)	798,978	(54,351,309)
Surplus or Deficit	1,979,876	(6,575,142)	8,595,018	(2,618,223)	(8,535,936)	5,917,713
Opening General Fund			11,287,313			8,909,091
Surplus (Deficit) on General Fund Balance in Year			(2,099,877)			2,378,222
Closing General Fund			9,187,436			11,287,313



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Balance sheet at 31 March 2019 - page

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	Note	31st March 2019 £	31st March 2018 £
Fixed Assets	11	185,452,488	175,008,502
Long Term Investments	16	-	-
Investment in Associates and Joint Ventures	31	-	-
Long Term Debtors	15	143,306	550,191
LONG TERM ASSETS		185,595,794	175,558,693
Short Term Investments	16	-	-
Inventories	14	41,1813	381,218
Short Term Debtors	15	7,038,055	6,399,204
Cash and Cash Equivalents	22	1,103,573	2,649,235
Assets Held for Sale	11	-	18,000
CURRENT ASSETS		8,553,441	9,447,657
Bank Overdraft	25	91,1976	213,624
Short Term Borrowing	17	15,758,777	5,433,112
Short Term Creditors	18	12,562,809	9,573,212
Provisions	19	2,735,175	207,251
CURRENT LIABILITIES		31,974,727	15,427,199
Long Term Creditors	18	-	-
Provisions	19	3,140,993	4,198,941
Long Term Borrowing	17	53,991,999	58,750,776
Other Long Term Liabilities	21	37,811,000	37,647,000
Donated Assets Account	22	-	-
Capital Grants Receipts in Advance	23	-	-
LONG TERM LIABILITIES		94,943,992	100,596,717
NET ASSETS		67,230,505	68,982,434

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Balance sheet at 31 March 2019 - page

47 USABLE RESERVES						
Capital Receipts Reserve	26	-	-	-		
Capital Grants Unapplied Account	26	-	-	-		
Capital Fund	26	1,255,113	1,255,113	1,255,113		
Renewal and Repairs Fund	26	-	-	-		
Other Balances and Reserves	26	360,000	360,000	240,000		
General Fund	26	9,187,436	9,187,436	11,287,313		
				10,802,549	12,782,426	
UNUSABLE RESERVES						
Capital Adjustment Account	27	49,681,028		50,010,076		
Financial Instruments Adjustment Account	27	-	-	-		
Revaluation Reserve	27	46,055,627		45,046,424		
Available for Sale Financial Instruments Reserve	27	-	-	-		
Financial Instruments Revaluation Reserve	27	-	-	-		
Pensions Reserve	27	(37,811,000)		(37,647,000)		
Capital Receipts Deferred Account	27	-	-	-		
Accumulated Absences Account	27	(390,926)		(357,308)		
Landfill Regulations Reserve	27	-	-	-		
Provisions Discount Rate Reserve	27	(1,106,772)		(852,184)		
				56,427,957	56,200,008	
NET WORTH				67,230,506	68,982,434	

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Movement in Reserves 2018/19 – page

Balance as at 31 March 2018	11,287,313	1,495,113	-	12,782,426	56,200,008	68,982,434
Movement in reserves during the year						
Surplus/ (Deficit) on the provision of services	(8,555,018)	-	-	(8,555,018)	-	(8,555,018)
Other Comprehensive Income and Expenditure	-	-	-	-	6,750,753	6,750,753
Total Comprehensive Income and Expenditure	(8,555,018)	-	-	(8,555,018)	6,750,753	(1,804,265)
Adjustments between accounting basis & funding under regulations	6,575,141	-	-	6,575,141	(6,522,804)	52,337
Net increase before transfers to Statutory and Other Reserves	(1,979,877)	-	-	(1,979,877)	227,949	(1,751,928)
Transfers to / from Statutory and Other Reserves	(120,000)	120,000	-	-	-	-
Increase in year	(2,099,877)	120,000	-	(1,979,877)	227,949	(1,751,928)
Balance as at 31 March 2019	9,187,436	1,615,113	-	10,802,549	56,427,957	67,230,506



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Newry, Mourne and Down District Council

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Provisions 2018/19 (note 19, page 011)

Provisions		Increase in		Interest cost		Balance as at 31 March 2019
	Balance as at 1 April 2018	provision during year	Utilised during year	Unused amounts reversed	and/or discount rate changes	
	£	£	£	£	£	£
Landfill Closure	4,198,941	-	(442,539)	(591,493)	(23,916)	3,140,993
Staff Costs	207,251	-	(83,610)	(53,141)	-	70,500
Rates Support Grant	-	2,664,675	-	-	-	2,664,675
Other	-	-	-	-	-	-
Total	4,406,192	2,664,675	(526,149)	(644,634)	(23,916)	5,876,168
Current Provisions	207,251	2,664,675	(83,610)	(53,141)	-	2,735,175
Long Term Provisions	4,198,941	-	(442,539)	(591,493)	(23,916)	3,140,993
Total	4,406,192	2,664,675	(526,149)	(644,634)	(23,916)	5,876,168



Payment of Supplies (note 18c) – page 91

Payment of Invoices

The Council has a target, where no other terms are agreed, of paying supplier invoices within 30 calendar days. During the year the Council paid 23,142 invoices totalling €62,441,798.

The number of disputed invoices were 111.

The Council paid:

- 20,904 (90%) invoices with 30 calendar days target;
- 2,225 (10%) invoices within 10 working days target; and
- 2,238 invoices outside of the 30 day target.

Contingencies (note 24) – page 91

Contingencies

THE Arc 21 Joint Committee has with the approval of their participant Councils, entered into a Contingent Liability undertaking with the bidding consortium in the procurement for the Residual Waste Treatment Project. Payments made if any in accordance with this undertaking will be funded by the participating Councils. No further information on this agreement can be disclosed due to the commercial sensitivity of the procurement process.

The McCloud Judgement

In December 2018 the Court of Appeal ruled against the Government in the McCloud / Sargeant judgement, which found that the transitional protection arrangements put in place when the fire fighters and the judges pension schemes were reformed were age discriminatory. The ruling potentially has implications for all public sector schemes which were reformed around the same time and could lead to members who were discriminated against being compensated. The transitional protection is applied to all active members of the public service schemes who were within ten years of their normal pension age on 1st April 2012. The Government has applied to the Supreme Court for permission to appeal this judgement.

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Next steps in Annual Accounts process

- Draft accounts submitted to DfC by 30 June 2019
- NIAO audit of accounts on-going
- Accounts available to public for scrutiny from 31 July 2019 to 28 August 2019
- NIAO audit due to complete mid September
- Audit Committee to consider audited accounts and recommend signing by Chief Executive and Chair of Council by 30 September 2019 (Next meeting: 23 September 2019)

Statement of Accounts

Newry, Mourne and Down District Council

**For the Year Ended 31st March
2019**



Comhairle Ceantair
**an Iúir, Mhúrn
agus an Dúin**

**Newry, Mourne
and Down**
District Council

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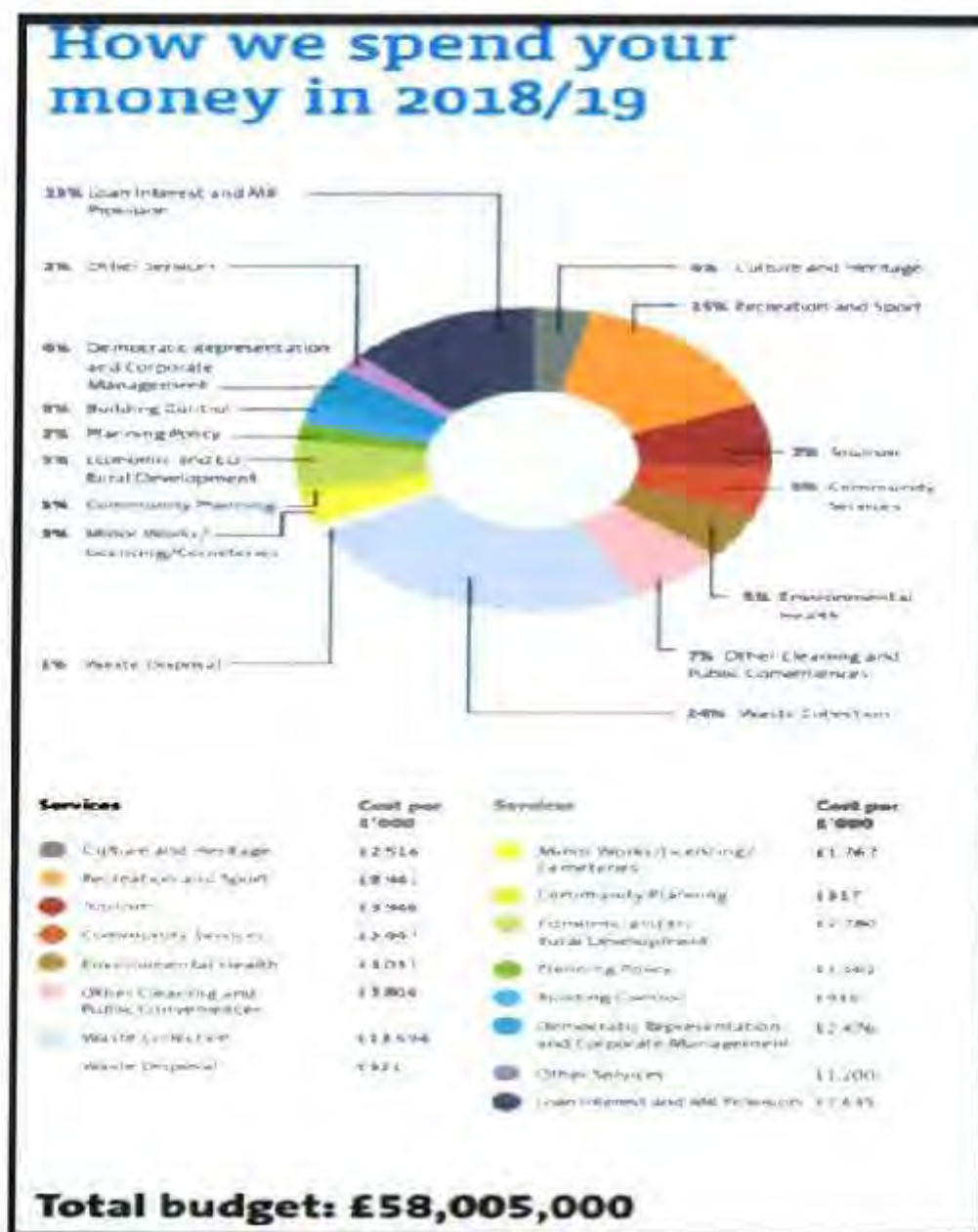
Operational model

Each year, the Council must ensure it has the resources it needs to deliver services to the standard expected by its ratepayers. Budget plans are submitted to the relevant committees for approval regarding what the Council hopes to do and how much it will cost. This helps Council understand how much is required, and taking account of other sources of income, what 'rate' needs to set for the district to raise the required money.

The Council's budgeted sources of income for the year ended 31 March 2019 were as follows:

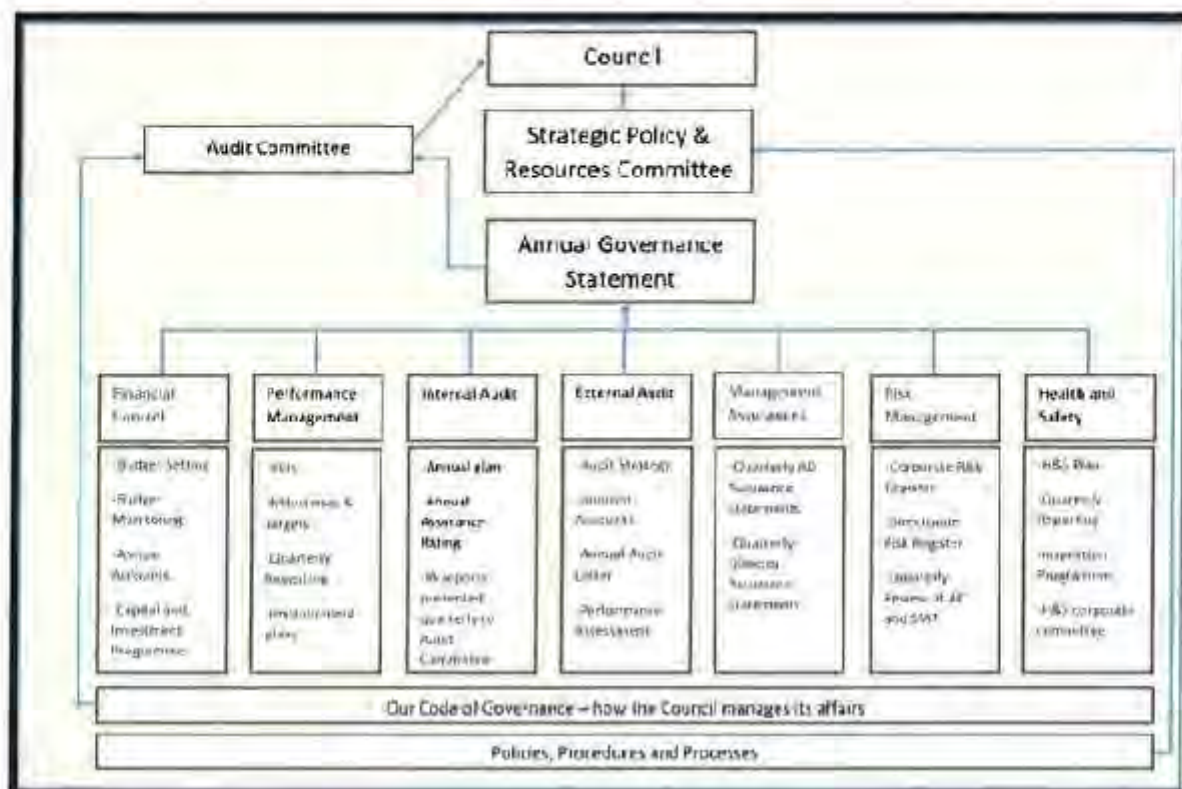
District Rate from Householders and Businesses	£52,070k
Grants from Central Government	£5,001k
Other	934k
Total	£58,005k

The budgeted income went towards the delivery of the following in the year ended 31 March 2019:



Governance

The figure below illustrates the assurance framework in place within the Council (approved annually by the Audit Committee), that provides information on compliance with various elements of the Council's Governance arrangements.



The only significant change to the governance arrangements within the Council, is the addition of the Council's Assurance Mapping and Code of Governance document. This has been presented to the Audit Committee on the 3 July 2019. This was a best practice recommendation coming from the Audit Committee self-assessment carried out by the Independent chair of the Audit Committee in January 2019. More details surrounding the Council's Code of Governance and significant Governance issues facing the Council are detailed within the Council's Annual Governance statement on Page 18.

Risks and opportunities

The Council has an embedded process to manage risks and assist the achievement of its objectives and performance targets. The Corporate Risk Register plays an integral role in supporting production of the Corporate Plan and is subject to a quarterly review by the Audit Committee and the Senior Management Team (SMT).

The Council's Risk Management Policy was updated in November 2017. The key elements of the risk management process are highlighted below:



The Council maintains a suite of risk registers for significant projects, Directorate areas and a Corporate Risk Register.

In order to assist the Chief Financial Officer in fulfilling his responsibilities, the Council have put in place a process for assurance / stewardship reporting. The assurance statements should reflect any significant internal control issues in the relevant Directorate or Service Area and are timed to support the Accounting Officer in his preparation of the Annual Governance Statement. Directors and Assistant Directors complete Assurance Statements on a quarterly basis.

The Council had 12 Corporate Risks at 3 July 2017, which included:

1. Failure to deliver the capital investment programme for the district;
2. Breach of legislation in relation to the procurement of goods and services and works;
3. Non-compliance with legislative requirements (including GDPR);
4. Failure to effectively manage waste;
5. Failure to provide timely planning decisions;
6. IT services do not support the statutory, strategic or operational requirements of the Council;
7. Failure to develop a transformational programme of organisational change that addresses Local Government Reform and delivers efficiencies and improvement, as well as supporting the realisation of the strategic outcomes of the Community and Corporate Plans;
8. Failure to adequately react to a major incident which would minimise any negative consequences/impact;
9. Failure to implement an economic development programme to regenerate the district and attract inward investment due to financial uncertainties caused by the current economic and political climate;
10. Lack of standardised Terms and Conditions of employment leading to the failure to transform services and could impact on the current service delivery;

11. Accidents/injuries may occur if health and safety of service users and staff is not considered, with a focus on fire risk assessments.
12. If sickness absence is not kept to a minimum, this may affect the delivery of services, staff morale and lead to increased costs

Controls are in place to manage the risks were possible, and where actions have been identified to further mitigate the risk, these are being progressed by members of the Senior and Corporate Management Teams.

Financial Statements

The Council's financial performance for the year ended 31st March 2019 is as set out in the Comprehensive Income and Expenditure Statement and its financial position is as set out in the Balance Sheet and Cash Flow Statement.

These financial statements have been prepared in line with the Code of Practice on Local Authority Accounting in the United Kingdom for the year ended 31st March 2019 (the Code) and the Department for Communities Accounts Direction, Circular LG 12/2019. It is the purpose of this foreword to explain, in an easily understandable way, the financial facts in relation to the Council.

This Statement of Accounts explains Newry, Mourne and Down District Council finances during the financial year 2018/19 and its financial position at the end of that year. It follows approved accounting standards and is necessarily technical in parts.

The purpose of the Narrative Report is to provide information on the Council, its main objectives and strategies and the principal risks it faces.

Group Accounts

The Code requires Local Authorities to consider all their interests and to prepare a full set of group financial statements where they have material interests in subsidiaries, associates or joint ventures. The Council does not have material interests in such bodies and accordingly is not required to prepare group financial statements.

The Movement in Reserves Statement

This Statement, as set out on page 40, shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce rates) and other reserves. The 'Surplus or (deficit) on the provision of services' line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Summary (CIES).

The Comprehensive Income and Expenditure Statement

This statement, as set out on page 39, shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rates income. Councils raise rates income to cover expenditure in accordance with regulations; this may be different from the accounting cost. The rates income position is shown in the Movement in Reserves Statement.

The Balance Sheet

The Balance Sheet, as set out on page 41, shows the value as at the Balance Sheet date of the Council's assets and liabilities. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, ie those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves are those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

The Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

Basis of preparation

The Councils Statement of Accounts are prepared on an accruals basis and are intended to present to readers a true and fair view of financial activity during the 2018-19 year. There are strict controls governing the accounting standards that must be complied with, accounting policies must be applied on a consistent basis and officers must follow relevant accounting and disclosure requirements.

There are also materiality thresholds to be adhered to and officers are obliged to make judgements and estimates that are reasonable and prudent and have endeavours to ensure that as much information as possible has been presented to make the accounts user friendly as possible within these limitations.

Performance Report

The strategic performance of the Council is incorporated in the Council's Corporate Plan 2015-2019. The Council's mission is to lead and serve a District that is prosperous, healthy, as well as sustainable from an economic, environmental and social perspective. The Council will achieve this by focusing on eight core areas (the Council's strategic objectives):

<p>Our mission</p> <p>Our mission as a Council is to lead and serve a District that is prosperous, healthy and sustainable.</p>	<p>Our Priorities (Strategic Objectives)</p> <ol style="list-style-type: none"> 1. Become one of the premier tourism destinations on the island of Ireland. 2. Attracted investment and supported the creation of new jobs. 3. Supported improved health and well-being outcomes. 4. Protected our natural and built environment. 5. Led the regeneration of our urban and rural areas. 6. Advocated on your behalf specifically in relation to those issues which really matter to you. 7. Empowered and improved the capacity of our communities. 8. Transformed and modernised the Council, providing accessible as well as value for money services.
<p>Our values</p> <ul style="list-style-type: none"> - Citizen focused - Accountable - Collaborative - Sustainable - Fair 	

As we have now reached the end of our first four year term of Council, we are now looking forward to developing a new Corporate Plan for our second term which will continue to deliver for local people and the communities.

It has been a challenging period of change during which the Council has continued to define its new role and purpose, develop new policies and strategies, renew its key infrastructure, integrate and modernise its services and meet ever increasing statutory obligations whilst managing expectations and competing demands. The image on the next page illustrates some of the high level achievements Council has made since the 1 April 2015.

'Living well together' is published on the Council's website and outlines the Council's ambitions for the District until 2030. The Council's community planning vision is "Newry, Mourne and Down is a place with strong, safe and vibrant communities where everyone has a good quality of life and access to opportunities, choices and high quality services which are sustainable, accessible and meet people's need".

Our District, Our Organisation, Our Performance



District

Population: 178,966
Households: 66,364
7 District Electoral Areas
41 Elected Members
1,000+ employees

67% of residents are satisfied with the Council



Community

Life expectancy
Male: 78.9 years / Female: 82.6 years
Age Profile: 0-15 years: 23% / 65+ years: 15%

72% of residents agree that their local area is a place where people from different backgrounds get on well together

94% of residents feel safe during the day

87% of residents feel safe at night

173 Neighbourhood Watch Schemes



Economy

Employment rate: 68.5%

£12.0M Registered Businesses

Average weekly earnings

£483 (full time)

22.2% of the population have no qualifications

80% jobs generated through business start-up activity since 2015



Tourism

Since 2015

43% increase in visitor numbers to 280,361

90% increase in visitor spend to £90m

Three Areas of Outstanding Natural Beauty



Health and wellbeing

79% of residents feel they are in very good or good health

78% of residents are physically active at least once a week for 30mins

71.3% of customers are satisfied with the Council's leisure facilities

Increased attendances at Council leisure facilities



Environment

Keeping the environment clean for residents

70% increased the number of recycling bins

50% increase in recycling

80% of the water supply

Between 2015-17 water supply

14% reduction in water supply

60% increase in water supply



Part 12 of the Local Government Act (NI) 2014 sets out a General Duty of Improvement for local government, whereby all district councils must put in place arrangements to secure continuous improvement in the exercise of their functions. The Council is required to set annual improvement objectives for the services it provides and to also have in place arrangements to achieve these objectives. The Council recognises 'improvement' to mean activity that enhances the sustainable quality of life and environment for ratepayers and communities.

The Council has also incorporated five key improvement objectives to ensure continuous improvement in the exercise of the Council's functions. The improvement objectives are linked to the Community Plan, the Corporate Plan and Directorate Business plans.

Below I have highlighted what the Council's five key performance objectives are, and the key achievements Council have made since 1 April 2017 to the 31 March 2019:

1. *Encourage healthy lifestyles through increased participation in leisure, sport and recreational activities;*
 - Newry and Down Leisure Centres open and 'Be Active' campaign launched;
 - Increase in total number of attendances across the six leisure centres;
 - Average satisfaction rating of 73.5% across the six leisure facilities;
 - 3 new play parks open, 1 park transformed, and 13 parks upgraded;
 - Review of leisure facilities complete;
 - 1,672 children took part in Community Play initiatives;
 - Options to progress the development of a park in Newry City being considered; and
 - Multi-stakeholder activity, Promotion and Development Plan launched.
2. *Improve economic growth by creating new business starts, supporting the growth of existing businesses and promoting Newry, Mourne and Down as a premier tourist destination;*
 - 371 new business starts, and 352 jobs promoted through business start-up activity;
 - City Deal for the Belfast Region secured;
 - Carlingford Lough Greenway between the Weir and Victoria Lock complete;
 - Development of an Arts, Culture and Heritage Strategy Underway;
 - Destination Experience Development Plan for the Mournes and Ring of Gullion and the Mourne Coast launched; and
 - The Giant Adventure Festivals attracted over £252,650 visitors and generated an estimated £7m for the local economy.
3. *Deliver urban and rural regeneration initiatives that will create a District where people want to live, work and invest in;*
 - Warrenpoint Municipal Park restored and re-opened;
 - Forkhill Greenspace Pathway Project complete;
 - Late night bus service from Newry to Crossmaglen and Kilkeel piloted;
 - Revitalisation schemes in Newry and Warrenpoint complete;
 - 25 village plans updated, and 20 new Village plans created;
 - Multiple initiatives launched to improve digital connectivity; and
 - Consultation on the Preferred Options Paper for the Local Development Plan complete.
4. *Create a cleaner, greener, more attractive District;*
 - Neighbourhood Service Working Group established;
 - Decrease in black bin waste and increase in blue and brown bin waste;
 - Reduction in the amount of biodegradable municipal waste sent to landfill;
 - Increase in the amount of household waste that is recycled; and
 - Over £52k awarded to 25 environmental improvement projects through 'Down your street – Live here, Love here'.

5. *Encourage and empower local communities to participate in Council engagement structures and initiatives.*

- Corporate Consultation and Engagement Strategy adopted;
- Community and voluntary sectors occupy 52% of places on community engagement structures;
- Almost £3m awarded through the Financial Assistance Scheme;
- 1500 visits to the Ethnic Minority Support Centre in Newry;
- £10.5k awarded to community groups through 'participatory budgeting' programmes;
- Ae Friendly status achieved from the World Health Organisation; and
- Youth Council engaged in the development of strategic plans.

An annual performance assessment of progress against these objectives is contained within the Corporate Performance Assessment Report to include details of the Council's performance against statutory performance indicators set by the Department. All progress reports are published on the Council's website.

Expenditure and Funding Analysis

The resourcing of the Council's activities is outlined in the Annual Report, demonstrating the funding available and what services this funding provided in 2018/19. There have been changes to the way we report our financial performance on the delivery on these services in our financial statements. This change is mainly due to the requirement for Councils to now report financial performance in line with their decision making structure and the introduction of the Expenditure and Funding analysis, as set out in note 2.

The objective of the Expenditure and Funding Analysis is to demonstrate to ratepayers how the funding available to the Council (i.e. government grants, rates fees and charges) for the year has been used in providing services in comparison with those resources consumed or earned by Council in accordance with generally accepted accounting practices.

The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Financial Performance

For the year ended 31 March 2019 the Council decreased its General Fund by £2.1m. This movement in the General Fund is mainly due to creating a provision for an overpayment of Rates Support Grant. The budget plans form part of the Revenue Estimates in 2018/19 the total net expenditure budget for the Council was set at £58m.

The final set of management accounts for the 2018/19 year was presented to the SP&R Committee on the 14 June 2019. The management accounts compared the budgeted income / expenditure for the 12 months to the actual / revenue expenditure for the period 31 March 2019. The Council reported a £716k underspend on service delivery at year end.

Management Accounts are presented and scrutinised quarterly at the SP&R committee. The overall position for the year end 31 March 2019 is mainly due to a £1.4million underspend in in staff costs due to delays in filling posts in the structure. The general grant is showing £300k better than budgeted.

This reflects the amounts of Rates Support Grant received annually from DfC. At the time of setting the budget for the 2018-19 year, officers were being advised of a likely reduction in RSG. The actual reduction was not as much as anticipated. This £1.7m underspend was countered by a £919k overspend in waste management due to over spends within the garage and recycling budgets.

The Cost of Services on Continuing Operations of £63.6m, as reported in the Comprehensive Income and Expenditure Statement, also includes the accounting cost of providing services in addition to the amount funded from taxation. The total net expenditure reported in the Comprehensive Income and Expenditure Statement is £66.8m.

Borrowings

For the 2017/18 year the Council has an authorised borrowing limit of 98.5m. This is based on the Council's forecast capital expenditure plans over the medium to long term. In conjunction with the Council's capital financing requirement of £90.5m, this ensure the Council only borrows for capital purposes.

During the year the Council repaid external loans of £5.4m. The Council borrowed £11m to fund ongoing capital projects. At the 31 March 2019, the total amount outstanding on external loans was £69.75m.

Capital Expenditure

The Council has an ambitious four-year capital programme of £104 million. The four-year capital programme is updated and approved annually by Council in February each year. The investment will help Council meet the strategic objectives which are set out in the Corporate Plan.

The total net expenditure reported in the Comprehensive Income and Expenditure Statement includes allocations of £17.1m to fund capital expenditure.

The most significant spend was on the following projects:

- Down Leisure Centre - £3,500k
- Kittys Road Community Centre - £300k
- Saintfield Community Hall - £1,450k
- Play Strategy - £540k
- Warrenpoint Municipal Park - £360k
- Downpatrick Recycling Centre - £700k

Strategy and Resource Allocation

The Medium Term Financial Plan was approved by the Council in February 2019. In accordance with the Local Government Finance Act (NI) 2011, the Chief Executive, as Chief Financial Officer is required to provide assurance to members on the robustness of the revenue estimates and the adequacy of the Council's reserves position as part of the rate setting process. Detailed estimates were formulated, presented and scrutinised by members. They took into account past outturn, current spending plans and likely future demand and pressures.

When setting the district rate for 2018/19 consideration was given to the following key financial factors and uncertainties for the Council:

- Current political instability prevents the determination of a regional rate for 2018/19. Land and Property Services (LPS) have advised that Councils are protected in legislation and, therefore, are guaranteed payment of their rates in instalments. There may however be some delay to these payments, and we have been mindful of this potential delay in our calculations of working capital requirements as part of our Prudential Indicators and MRP Statement 2019-20.
- Included within our 2019-20 estimates are various areas of funding received from central government. We have included amounts on the basis of our previous arrangements with central government. However, it is important to note that until such times as a budget is agreed by the Northern Ireland Executive these funding streams are uncertain.
- With a lack of political decision regarding Brexit, the financial implications for Council are currently unknown, and no provision has been made in the estimates for any financial implications arising. Furthermore, included within our 2019-20 estimates are various areas of funding received from the European Union under programmes which we have been advised will continue during the 2019-20 year.
- At present there has been no agreed budget by the NI Executive. The absence of an agreed budget has the potential to impact on the ability of the Department for Communities (DfC) to issue rates support grant to Councils. Whilst the Local Government Finance Act (Northern Ireland) 2011, Section 27 states that "*the Department shall for each financial year make a grant under this section to Councils*". Councils have yet to be advised of the total amount of Rates Support Grant being made available by the DfC for 2019-20.

Outlook

The Council is fully aware that it is operating in an increasingly challenging economical and political environment to deliver business as usual as well as our ambitions for the district under the Living Well Together community plan.

The main uncontrollable risk to the Council in the medium term, is the impact of externally imposed increased to the Council's pay bill, such as the nationally negotiated pay awards, the introduction of the apprenticeship levy and the effect of the national living wage. These combined with inflation levels at 2.4% exert financial pressure on the District Rate which are beyond the Councils control.

The Council will also face significant year on year increases in costs in several areas such as waste disposal costs where the arc21 residual contract and interim arrangements become operational.

However, the Council seeks out opportunities to pursue additional funding streams for the district, adopting innovative approaches to delivering services and working in partnership to ensure the District optimises its resources. A few of the current initiatives the Council is currently developing are outlined below:

- **City Deal** – The City Deal model is the UK Governments innovative strategy for building stronger urban and regional growth via smarter more localised and growth focused investment decision-making. The chancellor in his budget statement in October 2018, announced a £350m investment package for the Belfast Regions City Deal (BRCD), with a further £350m match funding from NI Executive and £150m contribution from BRCD partners.

- The Council have earmarked three significant projects to benefit the district: Newry Civic Regeneration Project, the Gateway to the Mourne's project and the Southern Area Relief Road.
- Full Fibre Network NI (FFNI) – The Department for Digital, Culture, Media and Sport (DCMS), Local Full Fibre Networks Programme (LFFN) is designed to stimulate commercial investment in full fibre networks in rural and urban locations across the whole of the UK. On 18th February 2019, NMDDC officers representing all the Councils in the FFNI consortium, presented the collaborative LFFN bid to the DCMS. The bid was successful. This funding of £15m aims to deliver full fibre to 880 council and school sites by March 2021, using the "Public Sector Anchor Tenancy" approach. This represents Phase 1 of a proposed longer-term programme of fibre related investment.
- The Peace IV Programme – is a cross-border initiative designed to support peace and reconciliation in Northern Ireland and the Border region. Funding of £4.7m has been awarded from the European Union PEACE IV programme managed by the Special EU Programmes body (SEUPB).

These initiatives enhance the Council's opportunities to develop services, deliver on our key objective for the District and grow the District to make it a leading destination to live, work, visit and invest.

Statement of the Council's and Chief Financial Officer's Responsibilities for the Statement of Accounts

The Council's Responsibilities

Under Section 1 of the Local Government Finance Act (Northern Ireland) 2011 a council shall make arrangements for the proper administration of its financial affairs. A council shall designate an officer of the council as its chief financial officer and these arrangements shall be carried out under the supervision of its chief financial officer.

Under Regulation 7 of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 the Council, or a Committee, is required by resolution, to approve the accounts.

The Chief Financial Officer's Responsibilities

Under Regulation 8 of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015, the Chief Financial Officer is responsible for the preparation of the Council's Statement of Accounts in the form directed by the Department for Communities.

The accounts must give a true and fair view of the income and expenditure and cash flows for the financial year and the financial position as at the end of the financial year.

In preparing this Statement of Accounts, the Chief Financial officer is required to:

- observe the Accounts Direction issued by the Department for Communities including compliance with the Code of Practice on Local Authority Accounting in the United Kingdom
- follow relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis, and
- make judgements and estimates that are reasonable and prudent.

The Chief Financial Officer is also required to:

- keep proper accounting records that are up-to-date, and
- take reasonable steps for the prevention and detection of fraud and other irregularities.

ANNUAL GOVERNANCE STATEMENT

Scope of Responsibility

The Council's Annual Governance Statement follows DfC accounts directions and where applicable the factsheet on Governance Statements issued by NIAO in 2013, and comprises the following sections:

- Scope of responsibility;
- The purpose of the governance framework;
- The governance framework;
- Review of effectiveness;
- Update on significant governance issues that were declared at the year-end 2017-18; and
- Significant governance issues for the year end 2018-19.

Newry, Mourne and Down District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiency and effectively.

The Council also has a duty under Local Government (Best Value) Act (Northern Ireland) 2002 to make arrangements for continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Council has prepared an Annual Governance Statement which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government (2016 edition). This statement explains how the Council has complied with the code and meets the requirements of Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 in relation to the publication of an Annual Governance Statement.

The Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Newry, Mourne and Down District Council for the year ended 31 March 2019 and up to the date of approval of the financial statements.

The governance framework

Our committee structure, which is based on the full council and six standing committees is illustrated and described below.

Council Committee and Management Structure



Through the work of the committees, our members oversee the work of the Council. All committee decisions need to be ratified by the full Council except where committees have been granted delegated authority to make decisions. The full Council, which consists of 41 elected representatives, is the overarching decision making body.

The ERT Committee is responsible for the development and implementation of strategies, policies, programmes and projects directed to the regeneration and growth of the district in the context of the outcomes agreed in the community and corporate plans. The ERT committee is also responsible for all matters pertaining to policy and legislation in relation to building control and licencing issues.

The AHC Committee is responsible for the development and implementation of strategies, policies, programmes and projects aimed at improving life at local level in the context of the outcomes agreed in the community and corporate plans.

The Audit Committee provides an independent assurance on the adequacy of the Council's risk management framework and associated control environment. It provides an independent scrutiny of the Council's financial and non financial performance, which is relied upon by Council, to the extent that it exposes it to risk and weakens the control environment.

The NS Committee is responsible for the development and implementation of strategies, policies, programmes and projects aimed at ensuring the waste service is delivered across the district in the context of the outcomes agreed in the community and corporate plans.

The Planning Committee is responsible for all of the Council's planning functions, except those matters, which are delegated to Officers or reserved to full Council.

The SP&R Committee is responsible for setting the strategic direction of the Council through the development of its corporate plan and other key corporate and cross cutting strategies and policies. It will also ensure effective use of resources and value for money for ratepayers, and oversee the Council's relationship with a number of key agencies and partners.

In addition to the committees listed above, there are also working groups established to support the work of Committees.

The Council's Assurance Framework (referred to previously in the diagram on page 5) illustrates how different sources of assurance and related key elements/control measures combine to enable Council to monitor its governance arrangements and produce the information which enables Council to prepare the Annual Governance Statement.

The Council's Code of Governance is based on the seven core principles set out in the CIPFA/SOLACE Framework (2016 edition). How we meet these seven core principles is reviewed and updated annually and a summary of the key elements of our governance framework are set out below:

A. Behaving with integrity

- Shared values communicated via community plan, corporate plan and key strategies
- Mandatory Code of Conduct for Councillors
- NI charter for Elected Member Development
- Staff Code of conduct
- Council Constitution including Standing Orders, Financial Regulations and Scheme of Delegation
- Council Anti-fraud Policies and Fraud Response Plan
- Council Whistleblowing Policy
- Gifts and Hospitality Policy
- Declarations of interest
- Conflict of Interest Policy

B. Ensuring Openness

- Council and Committee meetings open to the public
- Council and Committee agendas and minutes displayed on the Council web site
- Consultation and engagement with staff and trade unions
- Annual financial report published on the Council's web site
- Access to Information Policy and Procedure
- Council Magazine, 'NMD Connect' published annually
- Community Plan and Local Development Plan

C. Defining Outcomes

- Community and Corporate Plans
- Leisure Transformation - Newry Leisure Centre and Down Leisure Centre Provision
- Organisational Development
- Tourism Development and Marketing Strategy
- Performance Improvement Plans
- Local Development Plan

D. Optimising the achievement of outcomes

- Corporate and Directorate plans
- Constitution
- Strategic financial planning
- Risk Management Policy

E. Developing Capacity and Capability

- Organisational Development
- Harmonisation of policies
- Development of a joint Employee Relations consultation and negotiating policy
- Elected Members Development Charter

F. Finance, Performance and Risk Management

- Financial Regulatory
- Risk Management Policy
- Audit Committee
- Audit Services Manager who liaises fully independent outsourced internal audit firm
- Annual Internal Audit strategy and Plan
- Data Protection policy and procedures
- Director and Assistant Director quarterly assurance reporting
- Independent Audit Committee Chairperson

Review of Effectiveness

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its system of internal control. The review of effectiveness is done by the work of the Senior Management Team within Council who have responsibility for the development and maintenance of the governance environment, the Internal Audit's annual report, and also by comments made by the external auditors.

Recommendations arising out of internal and external reviews are agreed with management before finalisation to ensure that they will achieve the desired enhancement to the control environment and are practical solutions. Registers are maintained of all outstanding recommendations and these are circulated at Audit Committee and to CMT/SMT. Follow up reviews are also reported to the Audit Committee.

The Chief Executive has responsibility for preparing this Annual Governance Statement. In preparing this statement, he has considered the governance framework and system of internal controls in place. The Chief Executive leads the Council's SMT to collectively have involvement in and oversight of the processes involved in maintaining and reviewing the effectiveness of the governance framework. In producing this statement, full regard has been made to the register of interests for both Councillors and employees, reports of the internal and external auditor, the Corporate Risk Register, Assurance Statements provided by each Director and Assistant Director for year ended 31 March 2019.

The Council itself maintains overall control of the governance framework and has been involved, for example, in approving the implementation of the risk management and statement of assurance processes. Primary responsibility for overseeing the governance process is the responsibility of the Audit Committee as a standing committee of Council. The role of the Audit Committee extends to receiving reports from the Council's internal and external auditors to ensure that any issues raised are subject to due consideration and are addressed by officers on a timely basis. In considering this Annual Governance Statement, the Audit Committee have considered the review of the governance framework and system of internal controls prepared by the Chief Executive.

The following process has been applied in maintaining and reviewing the effectiveness of the governance framework:

- **the Members:** A committee structure is in place within Council which provides elected members with a democratic mechanism by which to approve and scrutinise Council Business. Positions of responsibility and Committee members are appointed as per the Local Government Act (NI) 2014 and are reflective of the broad political make up of the Council as elected.

The main decision making body is full Council of elected Members who are ultimately responsible for ensuring effective governance arrangements are in place in order for Council to achieve its goals and objectives. Council meets monthly in statutory meetings. Council has established sub-Committees of Council to consider in further detail its operations in line with specific areas of responsibility, as set out in the Constitution. These Committees of elected members are informed by Council Officers.

Council business is governed by Council Standing Orders and Committee Terms of Reference to ensure that the transaction of the business of Council and its Committees is properly regulated and conducted in an efficient, fair and legal manner.

- **the Senior Officers:** The Chief Executive ensures that all Council services and activities are delivered in accordance with the aims of the Council's Corporate Plan. The Chief Executive is supported by a Senior Management Team who meet at least monthly to monitor strategic direction and good governance across the District. During 2018-19 a meeting of the CMT occurred monthly. Directors meet regularly with senior members of their Directorates to ensure that all staff are aware of Council's priorities and that risks are being appropriately managed.

Quarterly Assurance Statements are completed by Assistant Directors and Directors to give the Chief Executive assurance over the controls that are in place. The Assurance Statements also make the Chief Executive aware of any of the risks arising which may have a negative impact on the Council.

- **The Audit Committee:** The Audit Committee provides an important source of assurance to those charged with governance about the Council's arrangements for managing risk, maintaining an effective control environment, and reporting on financial and other performance. The Audit Committee has an Independent Chairperson and met on five occasions during 2018/19 (one special audit committee in February 2019). The Audit Committee Terms of Reference were revised in February 2019 and sets out the purpose and the roles and responsibilities of committee.

The effectiveness of Audit Committee was reviewed at the Committee on the 15 January 2019. This was done using the National Audit Office Self-Assessment Checklist (September 2017).

The Committee was satisfied with its overall performance when compared against the checklist. The NAO checklist is the benchmark for best

practice. The Audit Committee Annual report 2018/19 was presented to the 3 July 2019 Audit Committee to support the completion of the Annual Governance Statement.

- **By Internal Audit:** The Internal Audit function is carried out by an independent firm in accordance with Public Sector Internal Audit Standards. It provides assurance and advisory service to assist Council achieve its objectives and improve the effectiveness of internal control, risk management and governance processes. Nine internal audit assignments were carried out in 2018/19, plus a follow up review of the 2017/18 recommendations.
- **Other explicit review / assurance mechanisms:**
 - o Health and Safety: By reviews of Health and Safety by professionally qualified officers, the Corporate Health and Safety Committee, and various Health and Safety sub committees.
 - o Risk Management: Risk Management is embedded across all activities of the Council and is a continuously evolving process, which is monitored closely by the Audit Services Manager. The Corporate Risk Register is presented quarterly to both SMT and the Audit Committee.
 - o External Funding: External funding throughout the year is subject to independent audits from the relevant funders i.e. European Court of Auditors, Government Departments, SEUPB.
 - o Local Government Audit: Work carried out by the Local Government Auditor during 2017/18 is also used by the Council as an additional assurance mechanism. The Councils Performance Improvement Plan has also been externally audited by the NAO and received a satisfactory Assurance rating in 2018/19.
 - o The Transport Regulation Unit and the Freight Transport Association undertook a review of the Council's compliance with, and management of, controls in respect of certain aspects of the Operators Licence on direction from Council.

The Accounting Officer has also been advised on the review of effectiveness of the governance framework by the Audit Committee and a plan to address any weaknesses and ensure continuous improvement of the system is in place.

Update on Significant Governance Issues that were declared in 2017-18

Five issues were declared last year and four of these continue to be declared as issues in this year's statement (Procurement and Contract Management, IT Transformation Project, Economic and Political climate and Belfast City Region deal).

An update on the remaining governance issues from 2017/18 is provided below:

1. General Data Protection Regulation (GDPR)

The GDPR came into effect in the UK from 25 May 2018. The GDPR aims primarily to give control to citizens and residents over their personal data and to simplify the regulatory environment for international business by unifying the regulation within the EU.

Council have undertaken considerable work to ensure that it is compliant with GDPR. The compliance structure is now complete and all posts have been filled. An independent organisation were procured to commence a gap analysis on what the Council needed to do to be compliant with GDPR. The final audit report was completed in May 2018. The implementation of the data audit recommendations to ensure Council meets its obligations under GDPR are currently well underway. Mandatory Data protection / GDPR training was rolled out to all staff and members, and this was completed in March 2019. A new Access to Information Policy and Procedure was approved by Council in July 2019.

Significant Governance Issues in 2018-19

The significant governance issues for 2018/19 were identified through the review of significant risks in the Corporate Risk Register for the year ending 31 March 2019, consideration of significant events / issues, internal / external audit reports and a review of the Directors Assurance Statements.

Internal Audit conducted nine reviews during 2018-19. Eight Internal Audit Reviews received a satisfactory assurance rating and one report received a limited assurance rating.

Internal Audit also undertook a follow up review of recommendations made in their 2017/18 reviews. The review identified that, out of the 48 accepted recommendations, 8 recommendations were fully implemented, 21 recommendations were partially implemented, 17 recommendations were not implemented, and the remaining 2 recommendations were no longer accepted or could not be tested.

The internal audit assurance work as detailed in the Internal Audit Plan for 2018/19 was completed in full. Internal Audit's Annual Opinion during the period from 1 April 2018 to 31 March 2019 was that **"the Council's systems in relation to internal control, risk management and governance were, in general, adequate and operated effectively and can provide satisfactory assurance in relation to the effective and efficient achievement of the Council's objectives."**

The internal audit report which received a limited assurance rating is summarised below:

Facilities Management – Canteens

Internal Audit concluded that there were a number of key controls absent from the Council's systems for facilities management at the canteens. Specifically, the review identified a lack of basic control operating over the cash collected particularly at the Monaghan Row canteen and a failure to fully investigate discrepancies on a daily basis. Internal Audit also considered that further work is also needed to consider the efficiency of purchasing and meal planning at the canteens and a need to have a strategic view about the longer term viability of operating the canteens.

Internal Audit concluded that in these circumstances, the remaining controls in place can only provide a limited level of assurance regarding the effective and efficient achievement of the Council's objectives in relation to Facilities management at the canteens. The Audit Services Manager will complete a detailed follow up of the recommendations prior to verification in September 2019.

The Audit Services Manager will continue to follow up on the 2016/17 and 2017/18 Internal Audit Recommendations which have not yet been implemented, and will also follow up on the 2018/19 recommendations prior to the Independent Internal Auditor carrying their own follow up review during 2019/20. The progress on the implementation on Internal Audit recommendations will be reported quarterly at the Audit Committee along with an update on outstanding external audit recommendations.

In addition to those areas, noted by Internal Audit above, the following governance issues have been identified:

1. Procurement and Contract Management

Procurement has remained a significant risk in the Councils Corporate Risk Register at year-end. The risk that the Council may breach legislation in procuring goods and services could affect the Councils ability to deliver its objectives and achieve value for money, open the Council to legal challenge and could result in reputational damage.

Internal Audit gave purchasing, procurement and contract management a limited assurance rating during the 2015-16 year. During the 2018-19 financial year Internal Audit Completed a Stage two of their procurement audit which focused on the compliance with the Councils revised procurement policy (January 2018). Both the stage one audit (review of the revised policy during the 2017-18 year) and stage two audits received a satisfactory assurance levels. At the January 2019 Audit Committee it was agreed to remove the procurement update from the being a standing agenda item due to the progress made over the last number of years. Within the 2018-19 financial year, the controls around procurement have been strengthened significantly;

- The Newry, Mourne and Down District Council Procurement Policy and Procedures was approved by the SP&R committee on the 14 December 2017 and subsequently ratified by Council on the 8 January 2018. Business Case templates and procedures were approved in February 2018 by SMT.
- In June 2018, a procurement expert delivered training to relevant staff. The training covered drafting business cases, drafting tender documents, tender evaluation and training on the Councils e-procurement system.
- A new procurement training schedule was delivered to all staff. This commenced in February 2019 and was completed in May 2019. The five separate sessions targeted particular officers proportionate to the value of procurement exercises they regularly undertake.

Even though considerable progress has been made, we are still highlighting procurement as a significant issue as the policy and procedures continue to imbed. However, the main concern going forward is in relation to contract management. There is a detailed section on contract management within the new policy to assist Council Officers and further training and information will be rolled out to all staff in the coming year. Internal Audit will also have an audit focusing on contract management within their four year internal audit plan 2019-2023.

2. IT Transformation Project

Council is currently undertaking an IT transformation project to improve the IT environment and enhance our IT services. This is a long-term project and until a time when the IT Strategy is fully implemented, we are actively working at managing risk in this area and ensuring our current IT systems and IT security is sufficiently robust to meet the needs of the organisation. As mentioned above the Disaster Recovery and progress on implementing the Councils IT strategy internal audit received a limited assurance. The follow up internal Audit of the report above highlighted limited progress in implemented in progressing the recommendations (3 recommendations not implemented and 4 only partially implemented). An IT Programme Group has been established and all recommendations falling out of the internal audit report in relation to the IT Strategy will be implemented via this group.

The IT department have established an IT Service Catalogue, which details all the Council's IT architecture and provides a rating for the impact a service failure would have on Council operations to ensure critical processes remain operational. The prioritisation of IT projects is reviewed annually by SMT and progress reports are reviewed regularly.

3. Economic and Political Climate

There is a major external influence on the Councils future financial security and that will be potentially impacted by the UK's progress in negotiating its exit from the European Union and agreeing its future trading arrangements. The domestic economy has remained relatively robust since the 2016 referendum, but there are indications that uncertainty over the future is now weighing on growth. Economic growth is therefore forecast to remain sluggish throughout 2019/20.

Northern Ireland no longer has a devolved government. This could have a potential impact on the ability of DfC to issue the Rates Support Grant to Councils, and how significant the reduction on the Rates Support Grant will be year on year. There is also a possibility that Local Councils could be given greater responsibilities in the absence of devolution.

The Council established a Brexit Member's forum in March 2018. The forum consists of Senior Officers and Members. Their role is to create contingency plans to monitor and take actions to reduce the risks arising due to the current levels of uncertainty. Council also have established a Brexit Task and Finish working group which has a specific risk register for potential Brexit outcomes.

4. Belfast City Region Deal

Appropriate governance and programme management arrangements were put in place to develop the Belfast Region City Deal (BRCD) proposition, which was presented to UK and NI governments in September 2018. The Chancellor in his budget statement in October 2018, announced a £350m investment package for the BRCD, with a further £350m match funding from NI Executive and £150m contribution from BRCD partners. Belfast City Council, as the lead authority, are now putting in place a dedicated programme office and revised Governance Structures to deliver the second phase of the programme, which includes the development of Outline Business Cases (OBCs) for all projects, and will result in a financial agreement being drawn up between BRCD and the UK government and NI Executive.

Work will also continue on the governance arrangements and assurance framework which will be put in place for the delivery phase of the deal, which is likely to commence in 2020.

NMDDC have governance structures in place via Project Steering Boards, which will have oversight on the design, development and implementation of the regeneration and tourism capital projects which Council are the lead on. Council decisions on City Deal initiatives will be tabled at the ERT Committee, which will be supplemented with a focused City Deal councillor reference group. At a regional level Advisory Boards will be established under each of the City Deal pillars, and an NMDDC official will be represented at each of these.

5. Big Screen Investigation

An investigation by our internal auditors into the Council's procurement, and erection of the 'Big Screen' in Newry raised serious concerns around the processes surrounding the procurement and erection of the Big Screen by the legacy Newry and Mourne Council, as well as raising concerns regarding the provision of information for audit purposes and under Freedom of Information relating to the Big Screen.

An amount of £23,199 provided to Newry and Mourne Council as a contribution to the Big Screen project was repaid to the Department for Communities in April 2019 as, following the investigations findings, they deemed the expenditure irregular.

A lessons learned report was produced during the course of the investigations which has been widely shared with relevant staff. Additional training has been provided to staff in the areas of procurement, GDPR and code of conduct. Further training on fraud, whistleblowing and conflicts of interest is planned for Autumn 2019.

6. Planning Backlog

The failure to deliver timely planning decisions is highlighted as a risk within the Corporate Risk Register. Recently the planning backlog has been increasing rather than decreasing. The number of live applications at the end of May 2019 was 1223.

Internal Audit completed an audit of the planning function during 2017/18 and this received a limited assurance rating. Internal Audit concluded that there are currently a number of key controls absent from the Council's systems for Planning, particularly in relation to: the Council's performance against the legislative targets; the completeness and validation of the documentation supporting planning applications and enforcement actions; the lack of clarity in respect of key performance indicators within the Planning Department; and the level of non-compliance by the Council with its own planning and enforcement procedures. At May 2019, three Recommendations remained not implemented and two recommendations only partially implemented.

Senior Management are considering ways forward to ensure compliance with policy and legislative targets while maintaining the number of live cases to an acceptable level. Internal Audit are also going to carry out a review of the management of planning applications in the 2019/20 year.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed:

CHAIR

Signed:

CHIEF EXECUTIVE

Leading member [or equivalent] & Chief Executive [or equivalent] on behalf of [the authority]

NORTHERN IRELAND LOCAL GOVERNMENT BODIES'

REMUNERATION REPORT FOR THE YEAR ENDED 31 MARCH 2019

INTRODUCTION

The Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 require larger local government bodies to prepare a remuneration report as part of the statement of accounts.

ALLOWANCE AND REMUNERATION ARRANGEMENTS

COUNCILLORS

Allowances are payable by councils to councillors and committee members under Part 3 of the Local Government Finance Act (Northern Ireland) 2011 and The Local Government (Payments to Councillors) Regulations (Northern Ireland) 2012, which came into operation on 1 April 2012.

Guidance and determinations on Councillors' Allowances applicable from 1 April 2018 were issued by the Department for Communities on 31 July 2018 (Circular LG 12/2018). Details of the allowances paid to individual councillors are published on council websites.

Following local elections on 2 May 2019, 462 councillors were elected to the 11 councils for a four year term. Newry, Mourne and Down District Council had 41 councillors in 2018/19.

SENIOR EMPLOYEES

The remuneration of senior employees employed by the Council is determined by the Council in line with that determined by the National Joint Council (NJC) for Local Government Services. Senior staff are those staff who are members of the Executive Management Team/Senior Management Team.

Council appointments of employees are made in accordance with the Local Government Staff Commissions' Code of Procedures on Recruitment and Selection, which requires appointment to be on merit and on the basis of fair and open competition.

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended.

INDEPENDENT MEMBER - AUDIT COMMITTEE

Joseph Campbell is an Independent Member and Chairperson of the Audit Committee. The role is to help promote the highest standards in the financial management of the Council and thereby ensure the accountability of public funds. It is a temporary position until 31st March 2019. A payment of £500 is paid per meeting (this includes preparation time of £250 and £250 for the meeting) plus travel and expenses.

ALLOWANCES PAID TO COUNCILLORS

The total amount paid to Councillors by way of allowances, under Part 3 of the Local Government Finance Act (Northern Ireland) 2011 and the Local Government (Payments to Councillors) Regulations (Northern Ireland) 2012 was:

Table 1: Total Allowances paid to councillors (audited information)

Allowance	2018/19		2017/18	
	Total Allowances £	Number of Councillors receiving the Allowance	Total Allowances £	Number of Councillors receiving the Allowance
Basic Allowance	598,386	41	592,631	44*
Special Responsibility Allowance	72,835	24	71,407	25
Chairperson/Deputy Mayor Allowance	19,770	2	19,770	2
Vice Chairperson/ Deputy Mayor Allowance	6,170	2	6,170	2
Mileage Allowance	75,403	32	68,127	33
Public Transport and Other Travel Incidentals	17,591	18	17,441	20
Subsistence	5,228	9	5,407	14
Courses/ Conferences Visits (registration & joining fees)	5,810	18	10,768	16
Dependents' Carers Allowance	975	1	938	1
TOTAL	802,169	-	792,659	-

* Please note: In 2017/2018 44 Councillors received an allocation of the 41 Basic Allowances as 3 Councillors resigned mid-year and their replacements received the balance of those allowances.

Details of the allowances paid to individual councillors in 2018/19 are published on the council website at www.newrymourneanddown.org/councillors-allowances-and-expenses.

REMUNERATION OF SENIOR EMPLOYEES

The remuneration of senior employees covers the Executive Management Team/Senior Management Team. The following table provides details of the remuneration paid to senior employees:

Table 2 - Table 2: Remuneration (including salary)(audited information)

Officers	2018/19					2017/18				
	Salary (Full year equivalent in brackets where applicable) £'000	Bonus Payments £'000	Benefits in kind (to nearest £100) £'000	*Pension Benefits (to nearest £1,000)	Total £'000	Salary (Full year equivalent in brackets where applicable) £'000	Bonus Payments £'000	*Pension Benefits (to nearest £1,000)	Benefits in kind (to nearest £100) £'000	Total £'000
Iam Hannoway Clerk & Chief Executive	115 - 120	5 - 10	0	-8,000	120 - 125	115 - 120	-	300	-6,000	115-120
**Edwin Curtis Director of Strategic Planning & Performance (Until 14/01/2019)	70 - 75 (85 - 90 full year equivalent)	-	0	21,000	70 - 75	55 - 60 (80 - 85 full year equivalent)	-	100	12,000	55 - 60
Michael Lipsett Director of Active Health & Communities	85 - 90	-	0	34,000	85 - 90	80 - 85	-	100	25,000	80 - 85
Marie Ward Director of Enterprise, Regeneration & Tourism	85 - 90	-	0	29,000	85 - 90	80 - 85	-	100	25,000	80 - 85
Dorinnia Carville Director of Corporate Services	80 - 85	-	0	31,000	80 - 85	80 - 85	-	100	28,000	80 - 85
Roland Moore Director of Neighbourhood Services	80 - 85	-	0	84,000	80 - 85	75 - 80	-	800	4,000	75 - 80

* The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation and any increase or decrease due to a transfer of pension rights.

** Edwin Curtis reduced due to long term sickness absence.

Councils are required to disclose the relationship between the remuneration of the highest paid member of the Executive Management Team/Senior Management Team and the median remuneration of the Councils workforce.

The banded remuneration of the highest paid member of the Executive Management Team/Senior Management Team in the financial year 2018/19 was £115k - £120k. This was 5.65 times the median remuneration of the workforce, which was £21,176.

Table 3: Relationship between the remuneration of the highest paid member of the Executive Management Team/Senior Management Team and the median remuneration of the Councils workforce (audited information)

	2018/19	2017/18
Salary Band of Highest Paid member of the Executive Management Team/ Senior Management Team	115 - 120	115 - 120
Median Total Remuneration	£21,176	£20,571
Ratio	5.65	5.7

In 2018/19, no employees received remuneration in excess of the highest paid member of the Executive Management Team/Senior Management Team.

Total remuneration includes salary, bonus payments and benefits in kind.

Salary

"Salary" includes gross salary, overtime, and any gratia payments.

Bonus Payments

Bonus payments are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2018/19 relate to performance in 2018/19.

Benefits in Kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument.

Exit Packages for staff

The number of exit packages provided to all staff by the Council, together with total cost per band and total cost of the compulsory and other redundancies are set out in the table below.

Table 4: Exit Packages in 2018/19 (audited information)

Severance Package Cost Band	2018/19				2017/18			
	Number of Compulsory Redundancies	Number of Other departures agreed	Total Number of Exit Packages in each Cost Band	Total Cost of Packages in each Cost Band £'000	Number of Compulsory Redundancies	Number of Other departures agreed	Total Number of Exit Packages in each Cost Band	Total Cost of Packages in each Cost Band £'000
£0 - £20,000								
£20,001 - £40,000								
£40,001 - £60,000						2	2	102,485
£60,001 - £80,000		1	1	65,250		1	1	61,759
£80,001 - £100,000		2	2	178,601				
£100,001 - £150,000		1	1	100,891				
£150,001 - £200,000								
Total	0	4	4	344,742	0	3	3	164,244

Pension Benefits

The Local Government Pension Scheme (Northern Ireland) (the Scheme) which is a funded defined benefit pension scheme, which provides retirement benefits for council employees on a "career average revalued earnings" basis from 1 April 2015. Prior to that date benefits were built up on a "final salary" basis.

From 1 April 2015, a member builds up retirement pension at the rate of 1/49th pensionable pay for each year. Pension benefits in relation to membership between 1 April 2009 and 31 March 2015 were built up at the rate of 1/60th pensionable pay for each year of membership. There is no automatic lump sum provided in respect of membership after 31 March 2009. Pension benefits in relation to any membership before 1 April 2009 were built up at the rate of 1/80th (pension) and 3/80ths (tax-free lump sum) of pensionable pay for each year of membership up to 31 March 2009. At retirement, members may give up some pension for additional lump sum, subject to HM Revenue and Customs (HMRC) limits. The conversion rate is £12 additional lump sum for every £1 of pension given up.

Councillors have been able to join the Scheme since May 2011. The Scheme application is modified to reflect the fact that councillors hold an elected office. Councillor members have always accrued pension on a career average basis. Prior to 1 April 2015 pension was accrued at a rate of 1/60th and thereafter at a rate of 1/49th.

The Scheme is funded by contributions made by both employees/councillors and employers. Prior to 1 April 2009, a member's contribution rates were fixed at 6% of their pensionable remuneration (except for those who were entitled to contribute to the Scheme at 5% before 1 February 2003 and have remained in continuous employment). Tiered member contribution rates, determined by the whole-time equivalent rate of pay, were introduced from 1 April 2009. From 1 April 2015, the member contribution rates are determined on the actual rate of pay.

The ranges for the bands for tiered contribution rates are revised by the Department for Communities in April each year in accordance with the increase applied to a pension in payment. The bands, effective from 1 April 2018, were as follows:

Table 5: Employee Contribution Rates

Band	Range	Employee Contribution Rate
1	£0 - £14,500	5.5%
2	£14,501 - £22,100	5.8%
3	£22,101 - £36,900	6.5%
4	£36,901 - £44,700	6.8%
5	£44,701 - £86,300	8.5%
6	More than £86,300	10.5%

Employers' contribution rates are determined by the fund's actuary every three years at the triennial valuation. A formal triennial actuarial valuation of the Fund as at 31 March 2016 was carried out in 2016/17 and set the employer contribution rates for the 3 years commencing 1 April 2017 as follows:

Table 6: Employer Contribution Rates

Year	Employer Contribution Rate
1 April 2017 - 31 March 2018	18% + 1.8% deficit contribution
1 April 2018 - 31 March 2019	19% + 1.8% deficit contribution
1 April 2019 - 31 March 2020	20% + 1.8% deficit contribution

The Local Government Pension Scheme Regulations (Northern Ireland) 2014 were made on 27 June 2014 and The Local Government Pension Scheme (Amendment and Transitional Provisions) Regulations (Northern Ireland) 2014 were made on 30 June 2014. Both sets of regulations are effective from 1 April 2015.

Councillors have been able to join the Scheme since May 2011 and therefore have not accrued significant benefits thus far. However, the in-year pension contributions made by the Council for all councillors during 2018/19 was £159,930.

The value of pension benefits of the most senior management of the Council accrued during the year was as follows:

Table 7: Pension Benefits of senior staff in 2018/19 (audited information)

Officers	Accrued Pension at pension age as at 31/3/19 £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/3/19 £'000	*CETV at 31/3/18 £'000	Real increase in CETV £'000
Liam Hannaway Clerk & Chief Executive	55 - 60 plus lump sum of 125 - 130	(-0.5) - 0.0 plus lump sum of 0.0 - (-0.5)	1,296	1,231	30
**Edwin Curtis Director of Strategic Planning & Performance (Until 14/01/2019)	40 - 45 plus lump sum of 80 - 85	1.0 - 1.5 plus lump sum of 1.1 - (-0.5)	933	889	27
Michael Lipsett Director of Active Health & Communities	35 - 40 plus lump sum of 70 - 75	2.0 - 2.5 plus lump sum of 0.5 - 1.0	723	664	36
Morie Ward Director of Enterprise, Regeneration & Tourism	15 - 20 no lump sum	1.5 - 2.0 no lump sum	165	139	15
Dorinnia Carville Director of Corporate Services	15 - 20 no lump sum	1.5 - 2.0 no lump sum	179	152	16
Roland Moore Director of Neighbourhood Services	15 - 20 plus lump sum of 10 - 15	4.0 - 4.5 plus lump sum of 2.5 - 3.0	225	161	53

* Please note, new transfer factors, effective from 7 January 2019, have been used to recalculate the 2017/2018 CETV and for the 2018/2019 CETV. This is because the real increase in CETV should exclude the impact of any change in factors. It does mean that the CETV now stated for 2017/2018 will be different from that stated at the end of last year.

The Cash Equivalent Transfer Value (CETV)

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. It is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

The real increase in the value of the CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Chief Executive
September 2019

Certificate of the Chief Financial Officer

I certify that:

- (a) the Statement of Accounts for the year ended 31st March 2019 on pages 38 to 41 has been prepared in the form directed by the Department for Communities and under the accounting policies set out on pages 42 to 59.
- (b) in my opinion the Statement of Accounts gives a true and fair view of the income and expenditure and cash flows for the financial year and the financial position as at the end of the financial year ending 31st March 2019.

Chief Financial Officer

Date xx/xx/2019

Council Approval of Statement of Accounts

These accounts will be approved by resolution of the Council/Committee on xx September 2019.

Chairman

Date xx/xx/2019

Independent Auditor's Report to the Members of the Newry, Mourne and Down District Council

I have audited the statement of accounts of the Newry, Mourne and Down District Council for the year ended 31st March 2019 under the Local Government (Northern Ireland) Order 2005. The financial statements comprise the Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet, Cash Flow Statement, and related notes. The financial statements have been prepared under the accounting policies set out within them.

This report is made solely to the Members of the Council in accordance with the Local Government (Northern Ireland) Order 2005 and for no other purpose, as specified in the Statement of Responsibilities issued by the Chief Local Government Auditor.

Respective responsibilities of the Chief Financial Officer and the independent auditor

As explained more fully in the Statement of the Council's and Chief Financial Officer's Responsibilities, the Chief Financial Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view of the income and expenditure and cash flows for the financial year and the financial position as at the end of the financial year. My responsibility is to audit the statement of accounts in accordance with the Local Government (Northern Ireland) Order 2005 and the Local Government Code of Audit Practice issued by the Chief Local Government Auditor. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the statement of accounts

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Council's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Council; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Statement of Accounts to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion

In my opinion:

- the financial statements gives a true and fair view, in accordance with relevant legal and statutory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom, of the financial position of the Newry, Mourne and Down District Council as at 31st March 2019 and its income and expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 and the Department for Communities directions issued thereunder.

Opinion on other matters

In my opinion the information given in the Narrative Report for the financial year ended 31st March 2019 is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- the Annual Governance Statement
 - o does not reflect compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19,
 - o does not comply with proper practices specified by the Department for Communities,
 - o is misleading or inconsistent with other information I am aware of from my audit, or
- adequate accounting records have not been kept; or
- the Statement of Accounts is not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit.

Certificate

I certify that I have completed the audit of the accounts of the ,in accordance with the requirements of the Local Government (Northern Ireland) Order 2005 and the Local Government Code of Audit Practice issued by the Chief Local Government Auditor,

Local Government Auditor
 Northern Ireland Audit Office
 106 University Street
 Belfast
 BT7 1EU

Dated:

Newry, Moine and Down District Council

Comprehensive Income and Expenditure Statement for the year ended 31 March 2019

The Comprehensive Income and Expenditure Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with statutory requirements; this may be difference from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

		2018/19			2017/18		
		Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
Service Expenditure	Notes	£	£	£	£	£	£
Chief Executive	2	2,180,896	(73,112)	2,107,484	2,335,093	(3,732)	2,331,341
Corporate Services	2	11,862,081	(340,142)	11,322,739	10,163,569	(347,649)	9,755,920
Enterprise, Regeneration & Tourism	2	13,591,902	(5,153,545)	10,438,027	16,612,112	(5,218,325)	11,353,787
Neighbourhood Services	2	26,954,184	(1,054,621)	25,899,563	27,547,616	(1,233,579)	26,314,037
Active & Healthy Communities	2	18,578,479	(4,914,184)	13,664,295	15,028,020	(4,514,083)	10,513,937
Cost of Services on Continuing Operations		75,168,242	(11,535,904)	63,632,338	71,426,410	(11,357,388)	60,269,022
Other Operating Expenditure/Income	3	3,2234	(85,694)	226,540	587,545	(696,122)	(108,477)
Financing and Investment Income and Expenditure	9	31,2857	(92,744)	3,020,123	3,009,323	(537,862)	2,471,461
(Surplus) or Deficit on Discontinued Operations							-
Share of Operating Results of associates and joint ventures	(31)						
Net Operating Expenditure		78,593,343	(11,714,342)	66,879,001	75,221,378	(12,591,372)	62,629,006
Taxation and Non Specific Grant Income	10		(58,223,583)	(58,323,983)		(56,714,793)	(56,714,793)
(Surplus)/Deficit on the Provision of Services		78,593,343	(70,038,325)	8,555,018	75,221,378	(49,325,665)	5,911,713
(Surplus)/Deficit on revaluation of non-current assets	11			(2,509,623)			(12,117,311)
Impairment losses on non-current assets charged to the Revaluation Reserve	11			(411,130)			
(Surplus)/(Deficit) arising on revaluation of available-for-sale financial assets	27						
Remeasurements of the Net Defined Benefit Liability (Asset)	21			(3,000,000)			92,490
Share of Other Comprehensive Expenditure & Income of associates and joint ventures	(31)						
Other Comprehensive Income and Expenditure				(6,750,753)			(12,024,851)
Total Comprehensive Income and Expenditure				1,804,265			(6,107,138)

Newry, Mourne and Down District Council

Movement in Reserves Statement for the year ended 31 March 2019

The Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held by the authority, analysed into 'usable reserves' (ie those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustment required to return to the amounts chargeable to council tax for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

	General Fund Summary	Other Fund Balances and Reserves	Capital Receipts Reserve	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves
	£	£	£	£	£	£
Balance as at 1 April 2017	8,909,091	1,255,113	-	10,164,204	52,711,092	62,875,296
Movement in reserves during the year						
Surplus/ (Deficit) on the provision of services	(5,917,713)	-	-	(5,917,713)	-	(5,917,713)
Other Comprehensive Income and Expenditure	-	-	-	-	12,024,851	12,024,851
Total Comprehensive Income and Expenditure	(5,917,713)	-	-	(5,917,713)	12,024,851	6,107,138
Adjustments between accounting basis & funding under regulations	8,535,935	-	-	8,535,935	(8,535,935)	-
Net Increase before transfers to Statutory and Other Reserves	2,618,222	-	-	2,618,222	3,488,916	6,107,138
Transfers to / from Statutory and Other Reserves	(240,000)	240,000	-	-	-	-
Increase/ Decrease in year	2,378,222	240,000	-	2,618,222	3,488,916	6,107,138
Balance as at 31 March 2018	11,287,313	1,495,113	-	12,782,426	59,200,008	72,982,434
Movement in reserves during the year						
Surplus/ (Deficit) on the provision of services	(8,555,018)	-	-	(8,555,018)	-	(8,555,018)
Other Comprehensive Income and Expenditure	-	-	-	-	6,750,753	6,750,753
Total Comprehensive Income and Expenditure	(8,555,018)	-	-	(8,555,018)	6,750,753	(1,804,265)
Adjustments between accounting basis & funding under regulations	6,575,141	-	-	6,575,141	(6,522,804)	52,337
Net Increase before transfers to Statutory and Other Reserves	(1,979,877)	-	-	(1,979,877)	227,949	(1,751,928)
Transfers to / from Statutory and Other Reserves	(120,000)	120,000	-	-	-	-
Increase in year	(2,099,877)	120,000	-	(1,979,877)	227,949	(1,751,928)
Balance as at 31 March 2019	9,187,435	1,615,113	-	10,802,548	59,427,957	70,230,536

Newry, Moume and Down District Council
Balance Sheet as at 31 March 2019

	Note	31st March 2019	31st March 2018
		£	£
Fixed Assets	11	185,452,408	175,006,502
Long Term Investments	16	-	-
Investment in Associates and Joint Ventures	31	-	-
Long Term Debtors	15	143,306	550,191
LONG TERM ASSETS		185,595,714	175,556,693
Short Term Investments	16	-	-
Inventories	14	411,813	381,218
Short Term Debtors	15	7,038,055	6,399,254
Cash and Cash Equivalents	22	1,103,573	2,649,235
Assets Held for Sale	11	-	18,000
CURRENT ASSETS		8,553,441	9,447,657
Bank Overdraft	25	917,976	213,624
Short Term Borrowing	17	15,758,777	5,483,112
Short Term Creditors	18	12,562,809	9,573,212
Provisions	19	2,735,175	207,251
CURRENT LIABILITIES		31,474,737	15,427,199
Long Term Creditors	18	-	-
Provisions	19	3,140,953	4,198,941
Long Term Borrowing	17	53,991,899	58,750,776
Other Long Term Liabilities	21	37,311,000	37,647,000
Donated Assets Account	22	-	-
Capital Grants Receipts in Advance	23	-	-
LONG TERM LIABILITIES		94,543,992	100,596,717
NET ASSETS		67,230,306	68,182,434
USABLE RESERVES			
Capital Receipts Reserve	25	-	-
Capital Grants Unapplied Account	26	-	-
Capital Fund	26	1,255,113	1,255,113
Renewal and Repairs Fund	26	-	-
Other Balances and Reserves	26	360,000	240,000
General Fund	26	7,187,436	11,267,313
		10,802,549	12,782,426
UNUSABLE RESERVES			
Capital Adjustment Account	27	49,681,028	50,010,076
Financial Instruments Adjustment Account	27	-	-
Revaluation Reserve	27	46,055,627	45,046,424
Available for Sale Financial Instruments Reserve	27	-	-
Financial Instruments Revaluation Reserve	27	-	-
Pensions Reserve	27	(37,811,000)	(37,647,000)
Capital Receipts Deferred Account	27	-	-
Accumulated Absences Account	27	(390,926)	(357,308)
Landfill Regulations Reserve	27	-	-
Provisions Discount Rate Reserve	27	(1,106,772)	(852,184)
		56,427,957	56,200,008
NET WORTH		12,230,501	11,982,426

Newry, Moine and Down District Council
Cash Flow Statement at 31 March 2019

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (ie borrowing) to the Council.

	Note	2018/19	2017/18
		£	£
Net Deficit on (the provision of) services		8,550,18	5,917,113
Adjustment for non-cash movements	22	16,240,337	(5,795,461)
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	22	(2,614,993)	(1,790,127)
Net cash flows from operating activities	25	4,895,326	8,387,671
Cash flows from Investing Activities	25	(12,201,223)	(11,122,051)
Net Cash flows from Financing Activities	25	5,566,869	4,649,529
Net increase or decrease in cash and cash equivalents		(2,250,010)	(4,384,901)
Cash and cash equivalents at the beginning of the reporting period		2,435,607	6,820,512
Cash and cash equivalents at the end of the reporting period		185,597	2,435,611

i Accounting Policies

a General Principles

The Statement of Accounts summarises the Council's transactions for the 2018/19 financial year and its position at the year-end of 31 March 2019. The Council is required to prepare an annual Statement of Accounts in a form directed by the Department for Communities in accordance with regulations 3 (7) and (8) in the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 in accordance with proper accounting practices.

These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, supported by International Financial Reporting Standards (IFRS). The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

The Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 also requires disclosure in respect of:

Summary of Significant Accounting Policies

i) Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

ii) Acquisitions and Discontinued Operations

Newry Mourne and Down District Council has not acquired operations (or transferred operations under machinery of government arrangements) during the financial year.

The Council has not discontinued any operations (or transferred operations under combinations of public sector bodies) during the financial year.

iii) **Provision for Single Status, Job Evaluation and Pay and Grading Reviews**

As each of the legacy councils had substantially completed its Single Status, Job Evaluation and Pay and Grading Reviews, Council has not acquired an opening provision for such matters. As the staff of the former legacy councils and those transferring in from the Department of the Environment's Planning Service are protected by the Transfer of Protected Undertakings Act (Northern Ireland) 2006 (TUPE), Council has not sought to amend these employees' terms and conditions of employment. Appropriate provision will be made for any financial consequences of employees terms and conditions as and when required.

iv) **Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in [specified period, no more than three months] or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

v) **Contingent Assets**

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

vi) **Contingent Liabilities**

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Employee Benefits

Short-term employee benefits are those due to be settled wholly within 12 months of the year end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees, and are recognised as an expense in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave, eg time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Termination benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service segment or, where applicable, to a corporate service segment at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debts for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post Employment Benefits

Employees of the Council are members of the Northern Ireland Local Government Officers' Pension Fund administered by the Northern Ireland Local Government Officers' Superannuation Committee. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

The Northern Ireland Local Government Officers' Pension Fund

The Northern Ireland Local Government Officers' Pension Fund is accounted for as a defined benefits scheme.

The liabilities of the Northern Ireland Local Government Officers' Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of projected earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate based on the Aon Hewitt GBP Select AA Curve over the duration of the Employer's liabilities.

The assets of the Northern Ireland Local Government Officers' pension fund attributable to the Council are included in the Balance Sheet at their fair value:

- quoted securities – current bid price
- unquoted securities – professional estimate
- property – market value
- unitised securities – current bid price

The change in the net pensions liability is analysed into seven components:

The change in the net pensions liability is analysed into the following components:

Service cost comprising:

Current Service Cost – the increase in liabilities as a result of years of service earned this year - allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked

Past Service Cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statements.

Within Financing and Investment Income and Expenditure

Net interest on the net defined benefit liability (asset). – ie net interest expense for the Council, the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement - this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period - taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Within Other Comprehensive Income and Expenditure (Remeasurements)

The Return on Plan Assets – excluding amounts recognised in the Net Interest on the Net Defined Benefit Liability (Asset) charged to the Pensions Reserve as Other Comprehensive Income and Expenditure. This includes interest, dividends and other income derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of managing plan assets, and any tax payable by the plan itself other than tax included in the actuarial assumptions used to measure the present value of the defined benefit obligation.

Actuarial Gains and Losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions, charged to the Pensions Reserves as Other Comprehensive Income and Expenditure.

Within the Movement in Reserves Statement Appropriations

Contributions by Scheme Participants – the increase in scheme liabilities and assets due to payments into the scheme by employees (where increased contribution increases pension due to the employee in the future).

Contributions by the Employer – the increase in scheme assets due to payments into the scheme by the employer.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies that are applied to the Northern Ireland Local Government Officers' pension fund.

The Northern Ireland Civil Service (NICS) Pension Scheme

As a result of Local Government Reform on 1 April 2015, staff that transferred from Central Government to the Council retained membership of the Northern Ireland Civil Service (NICS) Pension Scheme. The scheme provides defined benefits to members (retirement lump sums and pensions). However, the arrangements for the NICS Pension Scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The scheme is therefore accounted for as if it were a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet.

viii) **Events After the Balance Sheet Date**

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

The Statement of Accounts may subsequently be adjusted up to the date when they are authorised for issue. This date will be recorded on the Statement of Accounts and is usually the date the Local Government Auditor issues the certificate and opinion. Where material adjustments are made in this period they will be disclosed.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

ix) **Exceptional Items**

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

x) **Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors**

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

xi) **Financial Instruments**

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

However, the bonds issued by the Council in 2018/19 are carried at a lower amortised cost than the outstanding principal, and interest is charged at a marginally higher effective rate of interest than the rate payable to bondholders, as a material amount of costs incurred in its issue is being financed over the life of the stock.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI)

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (ie where the cash flows do not take the form of a basic debt instrument).

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure is the amount receivable for the year in the loan agreement.

Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the Interest receivable for the financial year - the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

xiii) Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- the Council will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due are not credited to the Comprehensive Income and Expenditure Statement until conditions attaching to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

xiv) **Intangible Assets**

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and restricted to that incurred during the development phase (research expenditure is not capitalised)

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

xv) **Inventories & Long Term Contracts**

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the FIFO costing formula.

Long-term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the consideration allocated to the performance obligations satisfied based on the goods or services transferred to the service recipient during the financial year.

xvi) **Investment Property**

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measureable date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line in the Comprehensive Income and Expenditure Statement and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve.

xvii) **Landfill Allowance Scheme**

The Landfill Allowances Scheme operates under the Landfill Allowances Scheme (Northern Ireland) Regulations 2005. Local Authorities are allocated annual target figures for the maximum amount of biodegradable municipal waste that can be sent to landfill but there are no tradable allowances. It is not a 'cap and trade' scheme since landfill allowances are not tradable. For this reason, landfill allowances are not recognised as assets on the Balance Sheet.

xviii) **Leases**

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets

The Council as Lessee - Finance Lease

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a. a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- b. a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement)

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The Council is not required to raise district rates to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases:

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

The Council as Lessor - Finance Lease

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease asset (long term debtor) in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a. a charge for the acquisition of the interest in the property – applied to write down the lease debtor together with any premiums received, and
- b. finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are paid, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against District rates, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

The Council as Lessor - Operating Lease

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

xix)

Disposals and Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses in the Surplus or Deficit on the Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as assets held for sale, they are reclassified back to non-current assets and valued at the lower of its carrying amount before they were classified as held for sale: adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as held for sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as assets held for sale.

When an asset is disposed of, or decommissioned, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal are categorised as capital receipts and credited to the Capital Receipts Reserve. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against district rates, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

xx)

Overheads and Support Services

The costs of overheads and support services are charged to service segments in accordance with the Council's arrangements for accountability and financial performance.

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- a. the purchase price
- b. any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- c. the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (ie it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Infrastructure, community assets and assets under construction – depreciated historical cost
- surplus assets - the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)

Where there is no market based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of fair value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2008 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- a. where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains),
- b. where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all property, plant and equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- dwellings and other buildings - straight-line allocation over the useful life of the property as estimated by the valuer
- vehicles, plant, furniture and equipment - a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer
- infrastructure - straight line allocation over 25 years

Componentisation

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluations

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

xxii) **Heritage Assets**

Heritage Assets are assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture.

Heritage Assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historic associations. They would be held by this authority in pursuit of our overall objectives in relation to the maintenance of heritage.

xxiii) **Provisions**

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

Additional policy detail required where a Council has made provision for onerous contracts or restructuring costs and where discounting of the amount to settle the obligation is required.

xxiv) **Reserves**

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Fund Balance so that there is no net charge against District Rates for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement benefits and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant note to the accounts.

xxv) **Charges to Revenue for Non-Current Assets**

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- a. depreciation attributable to the assets used by the relevant service
- b. revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- c. amortisation of intangible fixed assets attributable to the service.

The Council is not required to raise District Rates to cover depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue to contribute towards the reduction in its overall borrowing requirement (equal to either an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance). Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance (minimum revenue provision (MRP)) or the Statutory Repayment of Loans Fund Advances], by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

xxvi) **Revenue Expenditure Funded from Capital under Statute**

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged, so that there is no impact on the level of District Rates.

xxvii) **Value Added Tax**

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

Fair Value Measurement

The Council measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings (other financial instruments as applicable) at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- a) in the principal market for the asset or liability, or
- b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy, as follows:

- * Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date
- * Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- * Level 3 – unobservable inputs for the asset or liability.

2

a Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's (directorates/ services/ departments). Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

	2018/19			2017/18		
	Net Expenditure Chargeable to the General Fund	Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement	Net Expenditure Chargeable to the General Fund	Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£	£	£	£	£	£
Chief Executive	2,105,848	(1,616)	2,107,464	2,333,898	2,557	2,331,341
Corporate Services	14,064,977	2,542,030	11,522,939	12,207,761	2,451,831	9,755,920
Enterprise, Regeneration & Tourism	7,811,167	(2,426,890)	10,438,057	6,633,254	(4,720,533)	11,353,787
Neighbourhood Services	22,654,813	(3,204,750)	25,859,563	21,807,292	(4,506,745)	26,314,037
Active & Healthy Communities	8,791,613	(4,872,682)	13,664,295	7,951,913	(2,552,024)	10,503,937
Net Cost of Services	55,468,438	(8,163,500)	63,632,338	50,934,108	(9,234,914)	60,169,022
Other Income and Expenditure	(53,438,562)	1,588,758	(55,077,320)	(53,552,331)	776,976	(54,351,309)
Surplus or Deficit	1,979,876	(6,575,142)	8,355,018	(2,618,223)	(8,535,936)	5,917,713
Opening General Fund			11,287,313			3,909,091
Surplus/ (Deficit) on General Fund Balance in Year			(2,099,877)			2,378,222
Closing General Fund			9,187,436			11,787,313

2
b

Note to the Expenditure and Funding Analysis

This note provides a reconciliation of the main adjustments to net Expenditure Chargeable to the General Fund to arrive at the amounts in the Comprehensive Income and Expenditure Statement. The relevant transfers between reserves are explained in the Movement in Reserves Statement.

Adjustments between funding and Accounting Basis

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes	Net Change to the Pension Adjustments	Other Statutory Adjustments	Other non-statutory Adjustments	Total adjustments
	£	£	£	£	£
Chief Executive	-	-	(1,616)	-	(1,616)
Corporate Services	5,621,283	(3,053,000)	(9,745)	-	2,558,538
Enterprise, Regeneration & Tourism	2,398,410	-	(28,480)	-	2,369,930
Neighbourhood Services	3,804,889	-	(119,861)	-	3,685,028
Active & Healthy Communities	(4,624,170)	-	(10,504)	-	(4,634,674)
Net Cost of Services	(4,793,894)	(3,053,000)	(288,285)	-	(8,135,179)
Other income and expenditure from the Expenditure and Funding Analysis	2,500,758	(9,140,000)	-	-	(6,639,242)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement surplus or deficit on the provision of services	(2,293,136)	(3,994,000)	(288,285)	-	(6,575,421)

Adjustments between funding and Accounting Basis

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes	Net Change to the Pension Adjustments	Other Statutory Adjustments	Other non-statutory Adjustments	Total adjustments
	£	£	£	£	£
Chief Executive	-	-	2,357	-	2,357
Corporate Services	5,145,894	(2,707,510)	13,527	-	2,451,911
Enterprise, Regeneration & Tourism	(4,741,507)	-	20,974	-	(4,720,533)
Neighbourhood Services	(3,059,187)	-	(817,198)	-	(3,876,385)
Active & Healthy Communities	(3,387,326)	-	23,302	-	(3,364,024)
Net Cost of Services	(5,872,206)	(2,707,510)	(755,798)	-	(9,335,514)
Other income and expenditure from the Expenditure and Funding Analysis	1,426,978	(828,000)	-	-	598,978
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement surplus or deficit on the provision of services	(1,945,228)	(3,535,510)	(755,798)	-	(6,236,536)

Adjustments for Capital Purposes

Adjustments to General Fund Balances to meet the requirements of generally accepted accounting practices, this column adds in depreciation and amortisation and revaluation gains and losses in the services line and for:

i) Other operating expenditure - adjusts for capital disposal with a transfer of income on disposal of assets and the amounts written off for those assets.

ii) Financing investment income and expenditure - the statutory charges for capital financing ie Minimum Revenue Provision and other reserves contributions are deducted from financing and investment income and expenditure as these are not chargeable under generally accepted accounting practices.

iii) Taxation and Non Specific Grant income and Expenditure - Capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from income receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant income and expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net change for the Pension Adjustments

iv) Net change for the removal of pension contributions and the addition of (A5-19) Employee benefits pension related expenditure and income.

v) Services: this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.

vi) Financing and investment income and expenditure: the net income on the defined benefit liability is charged to the CICA.

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Segmental Income and Expenditure

	2018/19								
	Revenue from External Customers	Revenues from Transactions with Other Operating Segments of the Authority	Interest Revenue	Interest Expense	Depreciation and Amortisation	Material Items of Income and Expense	Interest in the Profit or Loss of Associates and Joint Ventures Accounted for by the Equity Method	Income Tax Expense or Income	Material Non cash items other than Depreciation and Amortisation
	£	£	£	£	£	£	£	£	£
Chief Executive	61,722	-	-	-	-	8,763	-	-	-
Corporate Services	268,908	-	13,648	2,176,448	156,196	4,590,600	-	-	6,304,021
Enterprise, Regeneration & Town Development	3,973,553	-	-	-	1,694,190	5,567,049	-	-	984,311
Neighbourhood Services	1,022,328	-	-	-	2,776,386	15,799,217	-	-	228,50
Active & Healthy Communities	2,529,031	-	-	-	2,610,255	6,721,480	-	-	2,213,923
Total Income Analysed on a segmental basis	7,855,482	-	13,648	2,176,448	7,236,935	33,603,954	-	-	9,650,754

	2017/18								
	Revenue from External Customers	Revenues from Transactions with Other Operating Segments of the Authority	Interest Revenue	Interest Expense	Depreciation and Amortisation	Material Items of Income and Expense	Interest in the Profit or Loss of Associates and Joint Ventures Accounted for by the Equity Method	Income Tax Expense or Income	Material Non cash items other than Depreciation and Amortisation
	£	£	£	£	£	£	£	£	£
Chief Executive	2,843	-	-	-	-	762,029	-	-	-
Corporate Services	395,502	-	1,289	2,158,786	908,193	4,199,818	-	-	5,367,993
Enterprise, Regeneration & Town Development	4,016,309	-	-	-	1,414,809	4,747,019	-	-	3,348,823
Neighbourhood Services	1,212,247	-	-	-	2,437,083	15,430,874	-	-	1,266,950
Active & Healthy Communities	2,035,584	-	-	-	2,229,788	5,883,153	-	-	402,513
Total Income Analysed on a segmental basis	7,712,485	-	1,289	2,158,786	6,289,673	31,017,893	-	-	10,366,279

3 a Expenditure and Income Analysed by Nature

Expenditure		2018/19	2017/18
	Notes	£	£
Employee Benefits Expenses	7	(33,123,718)	(30,751,833)
Other Services Expenditure		(33,162,034)	(29,983,923)
Support Service Recharges		-	-
Depreciation, Amortisation, Impairment	11	(8,970,533)	(10,890,654)
Interest Payments	9	(3,090,448)	(2,386,786)
Loss on the Disposal of Assets	8	(226,540)	-
Other Expenditure		-	(22,557)
Total Expenditure		(75,593,343)	(74,635,733)

Income		2018/19	2017/18
	Notes	£	£
Fees, Charges and other service income		11,697,663	11,357,388
Interest and Investment Income	9	16,679	5,403
District rate income	10	52,957,978	50,471,839
Government grants and Contributions	10	5,366,005	6,242,454
Support Service Income		-	-
Gain on the Disposal of Assets	8	-	108,477
Other Income		-	532,459
Total income		70,038,325	68,718,020
(Surplus) or Deficit on the Provision of Services		(8,555,018)	(5,917,713)

4 Adjustments between an Accounting Basis and Funding Basis under Regulations

a Amounts included in the Comprehensive Income and Expenditure Statement but required by statute to be excluded when determining the Movement on the General Fund Balance for the year:

	Notes	2018/19	2017/18
		£	£
Amounts included in the Comprehensive Income and Expenditure Statement but required by statute to be excluded when determining the Movement on the General Fund Balance for the year:			
Impairments (losses & reversals) of non-current assets		-	-
De-recognition (other than disposal) of non-current assets	11	-	-
Revaluation increases/decreases taken to Surplus/Deficit on the Provision of Services	11	1,733,615	4,600,781
Depreciation charged in the year on non-current assets	11	7,336,938	6,970,553
Not Revenue expenditure funded from capital under statute	12	1,871,141	(81,945)
Carrying amount of non-current assets sold	8	312,234	587,645
Proceeds from the sale of PPE, investment property and intangible assets	23	(85,694)	224,540
Difference between finance costs calculated on an accounting basis and finance costs calculated in accordance with statutory requirements	23	-	-
Net charges made for retirement benefits in accordance with IAS 19	20	8,973,000	7,907,000
Direct revenue financing of Capital Expenditure	12,23	-	-
Capital Grants and Donated Assets Receivable and Applied in year	10	(2,729,299)	(1,094,005)
Capital Grants Receivable and Unapplied in year	10C	-	-
Rates Claw-Back Reserve	23	-	-
Adjustments in relation to short-term compensated absences	24	33,618	(96,986)
Provisions Discount Rate Reserve Adjustment	24	254,588	352,164
Amounts not included in the Comprehensive Income and Expenditure Statement but required by statute to be included when determining the Movement on the General Fund Balance for the year:			
Statutory Provision for the financing of Capital Investment	23	(6,046,000)	(5,361,000)
Employers contributions payable to the NLGOSC and retirement benefit payable direct to pensioners	20	(4,977,000)	(4,371,490)
		6,575,141	6,535,935

Net transfers (to / from statutory and other earmarked reserves)		2018/19	2018/19	2017/18	2017/18
	Notes	\$	£	£	£
Capital fund					
Interest		-	-	-	-
From Capital		-	-	-	-
Other	23	-	-	-	-
Renewal and Repairs Fund					
Interest		-	-	-	-
Other	27	-	-	-	-
Capital Receipts Reserve					
Interest		-	-	-	-
Other	27	-	-	-	-
Other funds and earmarked reserves					
Interest		-	-	-	-
From Other funds		(120,000)	-	(240,000)	-
Other	23	-	(120,000)	-	(240,000)
Unusable reserves					
Capital Adjustment Account		-	-	-	-
			(120,000)		(240,000)

5 Cost of Services on Continuing Operations

a General power of competence

Prior to Local Government Reform on 1st April 2015, expenditure for special purposes was limited under Section 40 of the Local Government Finance Act (Northern Ireland) 2011. This section was repealed by Schedule 10 of the Local Government Act (Northern Ireland) 2014.

Under Section 29 of the Local Government Act (Northern Ireland) 2014, the Council has the power to do anything that individuals generally may do. Councils have the power to do this with or without charge. The power of competence is not limited to benefiting the area or its residents nor is it limited by existing powers.

The actual expenditure under the power of competence amounted to £6k during 2018/19 (£6k in 2017/18).

b External Audit Fees

The Council has incurred the following costs relating to the annual audit of the Statement of Accounts, certification of grant claims and other services provided by the Council's external auditors.

	2018/19	2017/18
	£	£
External Audit Fees	63,000	63,000
National Fraud Initiative Fees	1,101	-
Other Fees	20,700	19,800
	84,801	82,800

5 Operating and Finance Leases

Council as Lessor

a The Council has no finance leases as lessor.

b Operating Leases (Council as lessor)

Rental income recognised in the comprehensive income and expenditure statement in the current year amounts to £279,407.

	31st March 2019	31st March 2018
	£	£
Not later than 1 year	204,547	223,089
Later than 1 year and no later than 5 years	451,985	288,759
Later than 5 years	196,890	250,648
	853,422	762,496

The assets leased by the Council to third parties are included in the categories of Property, Plant and Equipment with carrying values of:

	31st March 2019	31st March 2018
	£	£
Investment Properties	2,327,117	2,730,187

Council as Lessee

c Finance Leases (Council as lessee)

The assets acquired under these leases are carried as property, plant and equipment in the Balance Sheet at the following net amounts:

	31st March 2019	31st March 2018
	£	£
Other Land and Buildings	-	-
Vehicles, Plant, Furniture and Equipment	17,640	43,457
	17,640	43,457

The Council is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property acquired by the Council and finance costs that will be payable by the authority in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

	31st March 2019	31st March 2018
	£	£
Finance leases liabilities (net present value of minimum lease payments):		
Current	4,172	17,553
Non-Current	-	-
Finance costs payable in future years	-	-
Minimum Lease Payments	4,172	17,553

The minimum lease payments will be payable over the following periods:

	Minimum Lease Payments		Finance Lease Liabilities	
	31st March 2017	31st March 2018	31st March 2017	31st March 2018
	£	£	£	£
Not later than one year	559	7,454	-	-
Later than one year and not later than five years	-	559	-	-
Later than five years	-	-	-	-
	559	8,013	-	-

7 Employee Costs and Member Allowances

Staff Costs		2018/19	2017/18
		£	£
Salaries and Wages		24,157,512	22,387,843
Employers NIC		2,093,211	1,507,687
Employers Superannuation		4,919,829	4,376,902
Total staff costs		31,170,552	28,672,432

In addition, agency costs during the year amounted to £1,753,166 (2017/18 £2,079,394).

The Council's current contribution rate to NLLCSC scheme is 50% plus a Deficit Recovery Contribution of £355,300.

At last actuarial valuation dated 31st March 2016 the funds assets meet 96% of liabilities of that date.

Average Number of Employees - where FTE represents fulltime equivalent employees

Average Number of Employees		2018/19	2017/18
		FTE	FTE
Chief Executive		12	18
Corporate Services		115	106
Enterprise, Regeneration & Tourism		179	176
Neighbourhood Services		345	332
Active & Healthy Communities		239	226
Total Number		897	840

		2018/19	2017/18
		Actual Numbers	Actual Numbers
Full-time numbers employed		792	754
Part-time numbers employed		234	176
Total Number		1,026	940

Senior Employees' Remuneration		2018/19	2017/18
		£	£
£50,001 to £60,000		16	14
£60,001 to £70,000		2	2
£70,001 to £80,000		1	1
£80,001 to £90,000		4	4
£90,001 to £100,000		—	—
£100,001 to £110,000		—	—
£110,001 to £120,000		1	1
Total Number		24	22

d Members' Allowances

		2018/19	2017/18
		£	£
Salaries		—	—
Basic allowance		598,338	592,631
Mayor's & Deputy Mayor's Allowance		25,940	25,940
Special Responsibility Allowances		72,835	71,407
Dependants' cars allowance		1,017	1,054
Employer costs		175,172	168,506
Mileage		75,403	60,127
Conferences and Courses		5,810	10,768
Travel & Subsistence Costs		22,819	22,948
Miscellaneous Costs		9,166	10,740
Severance Payments		—	—
Total		986,549	972,021

a Northern Ireland Civil Service Pension Arrangements

As a result of Reform on 1st April 2015, staff transferred from Central Government to the Council are members of the Northern Ireland Civil Service Pension Scheme.

The Northern Ireland Civil Service Pension arrangements are unfunded multi-employer defined benefit schemes but the Department for Communities is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2016. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DOF Superannuation and Other Allowances Resource Accounts as at 31 March 2019.

For 2018/19, employers' contributions of £255,097 were payable to the NICS pension arrangements at one of 3 rates in the range 20.7% to 34.2% of pensionable pay, based on salary bands.

B Other Operating Income & Expenditure

a Surplus/Deficit on Non-Current Assets (excl Investment Properties)

	2018/19	2017/18
	£	£
Proceeds from sale-	(35,694)	(596,122)
Carrying amount of non-current assets sold (excl Investment Properties)	112,234	587,645
	226,540	(108,477)

b Other Operating Income/ Expenditure

	2018/19	2017/18
	£	£
Income	-	-
Expenditure	-	-
	-	-

Other Operating Expenditure	2018/19	2017/18
	£	£
(Surplus) / Deficit on Non-Current Assets	226,540	(108,477)
Other Operating (Income) / Expenditure	-	-
	226,540	(108,477)

c Financing and Investment Income and Expenditure

a Interest Payable and Similar Charges

	2018/19	2017/18
	£	£
Lease/ Hire purchase interest	-	-
Bank interest	-	-
Government Loan Interest	2,176,448	2,158,766
Commercial loan interest	-	-
Other interest (please specify)	-	-
	2,176,448	2,158,766

b Interest and Investment Income

	2018/19	2017/18
	£	£
Bank Interest	13,648	1,289
Employed car loan interest	3,031	4,114
NIHE Loan interest receivable	-	-
Investment Income on Fund Balances:		
Capital Fund	-	-
Repairs & Renewals Fund	-	-
Other Funds	-	-
Other Investment Income	-	-
	16,679	5,403

c Pensions interest costs and expected return on pensions assets

	2018/19	2017/18
	£	£
Net interest on the net defined benefit liability (asset)	914,300	828,000
	914,300	828,000

d Surplus/ (Deficit) on trading operations

	2018/19	2017/18
	£	£
Income from trading	-	-
Expenditure	-	-
(Surplus)/Deficit for the year	-	-

e Income, Expenditure and changes in Fair Value of Investment Properties

	2018/19	2017/18
	£	£
Income/Expenditure from Investment Properties:		
Income including rental income	(76,065)	(107,963)
Expenditure	22,412	22,537
Net income/(loss) from investment properties	(53,646)	(85,426)
Surplus/deficit on sale of Investment Properties		
Proceeds from sale	-	-
Carrying amount of investment properties sold	-	-
(Surplus)/deficit on sale of investment properties	-	-
Changes in Fair Value of Investment Properties	-	(424,496)
	(53,646)	(509,922)

Financing and Investment Income and Expenditure	2018/19				2017/18	
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£	£	£	£	£	£
Interest Payable and Similar Charges	2,176,448	-	2,176,448	2,158,786	-	2,158,786
Interest and Investment Income	-	(16,479)	(16,679)	-	(5,403)	(5,403)
Pensions interest cost	914,000	-	914,000	828,000	-	828,000
Surplus/(Deficit) on trading operations	-	-	-	-	-	-
Other investment income	22,419	(76,065)	(53,646)	22,537	(107,963)	(85,426)
Changes in Fair Value of investment Properties	-	-	-	-	(424,496)	(424,496)
	3,112,867	(92,744)	3,020,123	3,009,323	(537,862)	2,471,461

10 Taxation and Non-Specific Grant Income

a Revenue Grants

	2018/19	2017/18
	£	£
General	(2,636,706)	(5,148,449)
Other	-	-
	(2,636,706)	(5,148,449)

A provision of £2,664,675 has been made in the current year in respect of a request for repayment of Rates Support Grant from the Department of Communities.

Transferred Functions Grant amounting to £65,545 has been reclassified from service revenue to General Grant in the comparative year to 31 March 2018.

b Capital Grants and Donated Assets - Applied

	2018/19	2017/18
	£	£
Government & Other Grants - Conditions met and applied in year	(2,729,299)	(1,094,005)
Government & Other Grants - Transfer from receipts in advance	-	-
Donated Assets - Conditions met	-	-
Donated Assets - Transfer from donated assets creditor	-	-
	(2,729,299)	(1,094,005)

c District Rates

	2018/19	2017/18
	£	£
Current year	(52,070,535)	(49,712,269)
Finalisation - previous year	(887,443)	(759,570)
Transitional Relief	-	-
Finalisation - other years	-	-
	(52,957,978)	(50,471,839)

Taxation and Non-Specific Grant Income	2018/19	2017/18
	£	£
District Rate Income	(52,957,978)	(50,471,839)
Revenue Grants	(2,436,706)	(5,149,449)
Capital Grants and Contributions	(2,729,299)	(1,094,005)
	(56,323,983)	(56,714,293)

Newry, Mourne and Down District Council

Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2019

11 a Long-term Assets - Current Year

Cost or Valuation	Land	Buildings	Infrastructure Assets	Landfill Sites	Vehicles Plant & Equipment	Community Assets	FFAC Urban Construction	Surplus Assets	Total P&L	Heritage Assets	Investment Properties	Intangible Assets	Assets Held for Sale	TOTAL
Balance as at 1 April 2018	29,501,885	117,138,937	213,270	430,005	17,334,159	130,542	15,242,213	3,415,401	183,406,412	1,371,786	3,135,816	2,733,391	18,000	190,685,405
Adjustments between cost/value & depreciation/impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 1 April 2018	29,501,885	117,138,937	213,270	430,005	17,334,159	130,542	15,242,213	3,415,401	183,406,412	1,371,786	3,135,816	2,733,391	18,000	190,685,405
Additions	18,000	2,461,838	-	-	1,903,059	-	12,274,450	-	16,664,347	34,300	162,301	230,482	-	17,014,371
Donations	-	-	-	-	-	-	-	-	-	33,650	-	-	-	33,650
Revaluation increases/ (decreases) to Revaluation Reserve	330,379	(18,358)	-	(380,383)	-	(21,798)	-	(40,350)	(162,492)	99,393	-	-	-	(62,894)
Revaluation increases/ (decreases) to Surplus or Deficit on the provision of Services	(242,705)	(1,889,428)	-	-	-	(52,741)	-	(5,150)	(2,190,394)	-	-	-	-	(2,190,394)
Impairment to Surplus or Deficit on the provision of Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disrecognition - Disposals	(42,000)	(175,016)	-	-	(80,594)	-	(99,582)	-	(397,192)	-	-	-	(18,000)	(415,192)
Disrecognition - Other	-	-	-	-	(612,394)	-	(340,000)	-	(952,396)	-	-	-	-	(952,396)
Reclassifications & Transfers	930,075	20,155,521	775,119	50,377	(64,550)	24,939	(21,382,255)	(84,000)	205,024	3,102	(991,000)	792,874	-	-
Reclassified to: / from (+)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2019	30,499,134	137,643,294	988,907	100,001	18,482,673	80,942	5,494,822	3,282,701	196,573,675	1,542,436	2,327,117	3,749,688	-	204,192,920

Depreciation and Impairment	Land	Buildings	Infrastructure Assets	Landfill Sites	Vehicles, Plant & Equipment	Community Assets	P&E Under Construction	Surplus Assets	Total P&E	Heritage Assets	Investment Properties	Intangible Assets	Assets Held for Sale	TOTAL
Balance as at 1 April 2018	-	916,180	-	330,002	13,365,797	-	-	-	14,814,181	-	-	844,722	-	15,658,903
Adjustments between Cost/Value & Depreciation/Impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 1 April 2018	-	916,180	-	330,002	13,365,797	-	-	-	14,814,181	-	-	844,722	-	15,658,903
Depreciation Charge	-	5,742,725	50,407	50,380	1,175,849	-	-	-	7,019,362	-	-	217,376	-	7,236,938
Depreciation written out on Revocation Reserve	-	(2,530,130)	(15,294)	-	-	(9,093)	-	-	(2,572,517)	-	-	-	-	(2,572,517)
Depreciation written out on Revocation taken to Surplus or Deficit on the Provision of Services	-	-	-	-	-	(22,931)	-	-	(456,409)	-	-	-	-	(456,409)
Impairment losses/revenue to Revocation Reserve	-	(433,478)	-	-	-	-	-	-	-	-	-	-	-	-
Impairment losses/revenue to Surplus or Deficit on the Provision of Services	-	(30,747)	-	(380,383)	-	-	-	-	(411,130)	-	-	-	-	(411,130)
Disrecognition - Disposals	-	(37,533)	-	-	(65,425)	-	-	-	(102,958)	-	-	-	-	(102,958)
Disrecognition - Other	-	-	-	-	(612,596)	-	-	-	(612,596)	-	-	-	-	(612,596)
Reclassifications & Transfers	-	-	-	-	(10,256)	-	-	-	(10,256)	-	-	10,256	-	-
Eliminated on reclassification to Held for Sale	-	(207,646)	175,621	-	-	32,025	-	-	-	-	-	-	-	-
Balance as at 31 March 2019	-	3,401,572	212,734	(1)	14,053,771	-	-	-	17,658,077	-	-	1,072,354	-	18,740,431
Balance as at 31 March 2019	30,495,134	134,241,722	776,173	100,000	4,478,407	80,941	5,494,822	3,282,901	178,905,402	1,542,435	2,327,117	2,677,334	-	185,452,489

Long-term Assets - Comparative Year														
Cost or Valuation	Land	Buildings	Infrastructure Assets	Landfills Sites	Vehicles, Plant & Equipment	Community Assets	P&EE Under Construction	Surplus Assets	Total P&EE	Heritage Assets	Investment Properties	Intangible Assets	Assets Held for Sale	TOTAL
	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Balance as at 1 April 2017	24,795,307	126,605,572	221,304	5,501,137	17,225,650	57,668	15,383,273	3,272,139	173,062,950	1,371,786	2,730,167	735,071	-	177,899,594
Adjustments between cost/value & depreciation/impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 1 April 2017	24,795,307	126,605,572	221,304	5,501,137	17,225,650	57,668	15,383,273	3,272,139	173,062,950	1,371,786	2,730,167	735,071	-	177,899,594
Additions	62,330	6,324,242	-	-	1,511,904	-	9,342,307	-	17,343,453	-	1,133	-	-	17,344,796
Donations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation increases/decreases to Revaluation Reserve	2,521,540	(11,655,837)	12,532	(5,071,132)	-	79,874	-	404,062	(13,776,211)	-	-	-	-	(13,726,211)
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	2,091,743	(11,093,101)	(20,566)	-	-	-	-	(260,800)	(9,262,724)	-	424,496	-	-	(8,859,220)
Impairment to Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Derogation - Disposals	(12,205)	-	-	-	(987,620)	-	-	-	(999,833)	-	-	-	-	(999,833)
Derogation - Other	-	-	-	-	(659,729)	-	(285,174)	-	(942,903)	-	-	-	-	(942,903)
Reclassifications & transfers	90,330	6,968,111	-	-	143,962	-	(5,200,593)	-	(1,998,320)	-	-	1,998,320	-	-
Reclassified to(-) / from(+) Held for Sale	(49,800)	-	-	-	-	-	-	-	(49,800)	-	-	-	-	(49,800)
Balance as at 31 March 2018	27,501,385	117,138,937	213,270	430,005	17,334,159	138,547	15,742,713	3,415,401	182,402,412	1,371,786	3,155,674	2,733,391	-	190,652,402

Depreciation and Impairment	Land	Buildings	Infrastructure Assets	Assets Held for Sale	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Heritage Assets	Investment Properties	Intangible Assets	Assets Held for Resale	TOTAL
Balance as at 1 April 2017	-	21,056,333	94,629	5,401,134	14,093,119	-	-	-	40,647,217	-	-	501,529	-	41,148,746
Cost/Value & depreciation/impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 1 April 2017	-	21,056,333	94,629	5,401,134	14,093,119	-	-	-	40,647,217	-	-	501,529	-	41,148,746
Depreciation Charge	-	5,044,650	22,031	-	1,119,797	-	-	-	6,186,478	-	-	133,395	-	6,289,873
Depreciation written out on Revaluation Reserve	-	(20,658,975)	(113,445)	(5,071,132)	-	-	-	-	(26,843,552)	-	-	-	-	(25,843,552)
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	-	(4,286,032)	(3,215)	-	-	-	-	-	(4,289,247)	-	-	-	-	(4,289,247)
Impairment losses/reversals to Revaluation Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
to Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Discontinuation - Disposals	-	-	-	-	(987,188)	-	-	-	(987,188)	-	-	-	-	(987,188)
Discontinuation - Other	-	-	-	-	(659,779)	-	-	-	(659,779)	-	-	-	-	(659,779)
Reclassifications & Transfers	-	(239,770)	-	-	-	-	-	-	(239,770)	-	-	239,770	-	-
Eliminated on reclassification to Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2018	-	918,160	-	330,002	13,565,999	-	-	-	14,814,161	-	-	844,722	-	15,658,903
Net Book Values														
Balance as at 31 March 2016	29,501,365	116,220,757	213,270	10,005	5,763,160	130,542	13,242,213	3,415,401	158,592,231	1,371,766	3,155,816	1,888,669	-	175,008,537
Balance as at 31 March 2019	30,498,134	134,147,222	776,173	102,002	4,423,907	80,541	5,496,822	3,282,801	178,905,602	1,542,436	2,327,117	2,672,334	-	185,452,485

11 c. Property, plant and equipment

e. Investment Properties

Investment Properties	31/03/2019	31/03/2018
	£	£
Rental Income from Investment Activities	76,055	107,963
Direct Operating expenses arising from investment properties	(22,419)	(22,537)
Net gain/(loss)	53,646	85,426

Investment Properties	2018/19	2017/18
	£	£
Balance at start of the year	3,155,816	2,730,787
Additions	1,62,301	1,133
Disposals	-	-
Net gains/losses from fair value adjustments	-	424,495
Transfers to/ from inventories	-	-
Transfers to/ from property, plant and equipment	(991,000)	-
Other changes	-	-
Balance at end of the year	2,327,117	3,155,816

f. Heritage Assets

The Council's collection of Heritage assets is reported in the Balance Sheet at insurance valuation or historic cost. These assets include museum artefacts, works of art and civic items. Ross' monument is also included which is situated between Keshferris and Warrenpoint.

Artefacts	525,132
Historical Furniture	8,535
Civic Items	65,200
Other (Ross' Monument)	413,511
Other	455,656
TOTAL	1,542,434

g. Assets Held for Sale

Assets Held for Sale have been recorded in Note 11.

h Long-Term Assets - Leased Assets

	Vehicles	Equipment	TOTAL
Cost or Valuation			
At 1 April 2018	2616982	769248	3,386,230
Additions	0	0	-
Disposals	0	0	-
At 31 March 2019	2616982	769248	3,386,230
Depreciation			
At 1 April 2018	2616982	685442	3,302,424
Disposals	0	0	-
Provided for year	0	0	-
At 31 March 2019	2,616,982	685,442	3,302,424
Net Book Value	-	83,806	83,806

	Vehicles	Equipment	TOTAL
Cost or Valuation			
At 1 April 2017	2,616,982	769,248	3,386,230
Additions	-	-	-
Disposals	-	-	-
At 31 March 2018	2,616,982	769,248	3,386,230
Depreciation			
At 1 April 2017	2616982	677716	3,294,698
Disposals	0	0	-
Provided for year	0	7726	7,726
At 31 March 2018	2,616,982	685,442	3,302,424
Net Book Value	-	83,806	83,806

12 Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that is yet to be financed. The CFR is analysed in the second part of this note.

Capital Expenditure		2018/19	2017/18
		£	£
Opening Capital Financing Requirement		79,970,002	70,141,452
Capital Investment			
Property, Plant and Equipment	11	15,698,447	17,343,653
Investment Properties		162,301	1,130
Intangible Assets		233,423	-
Revenue Expenditure funded from Capital under:			
Investments		-	-
Other		(350,602)	(283,174)
Sources of Finance			
Capital Receipts		(85,694)	(696,122)
Government Grants and Other Contributions	10	(2,729,299)	(1,094,005)
Transfers from Formatted Reserves		-	-
Sums set aside from Revenue:			
Direct Revenue Contributions		-	-
Minimum Revenue Provision		(6,046,000)	(5,361,000)
Closing Capital Financing Requirement		59,716,033	79,270,302

17,094,371

13 Future Capital Commitments

The Council has an ongoing programme of capital works and the estimated cost of the schemes is as follows:

	Gross Cost	Grant Aid	Net Cost
	£	£	£
Schemes underway	57,030,441	-	57,030,441
Other Commitments	23,982,306	-	23,982,306
Total	81,012,747		81,012,747

14	Inventories		2018/19	2017/18
			£	£
	Central Stores		221,611	206,363
	Other		190,200	174,355
Total			411,813	380,718

15 Debtors			
a Long Term Debtors			
	2018/19	2017/18	
	£	£	
Government Departments	-	-	
Other Councils	-	-	
Public corporations and trading funds	-	-	
Bodies external to general government	-	-	
Employee car loans	-	37,321	
Revenue Grants	28,565	-	
Capital Grants	-	-	
Interest Receivable	-	-	
Capital Debtors	-	-	
Loans and advances	53,741	34,341	
Finance lease debtors	64,000	458,329	
Trade debtors	-	-	
NIHE Loans	-	-	
Other	-	-	
Impairment of loans and receivables	-	-	
Contract Receivables	-	-	
Total Long Term Debtors	143,306	550,191	

b Short Term Debtors			
	2018/19	2017/18	
	£	£	
Government Departments	1,290,273	1,124,442	
Other Councils	17,074	146,505	
Public corporations and trading funds	-	-	
Bodies external to general government	-	-	
NIHE Loans	-	-	
Employee car loans	21,349	31,205	
Revenue Grants	2,084,597	1,610,486	
Capital Grants	1,535,483	627,838	
Interest Receivable	-	6,438	
Capital Debtors	-	609,500	
Value Added Tax	1,217,224	1,269,215	
Prepayments	240,98	254,668	
Finance lease debtors	-	-	
Other	286,641	192,341	
Trade receivables	562,420	318,182	
Impairment loss - Trade receivables	(219,403)	(311,816)	
Contract Receivables	-	-	
Total Short-Term Debtors	7,038,095	5,397,204	
Total Debtors	7,181,361	5,949,395	

16 Investments

The Council has no investments.

17 Borrowings

a Short Term Borrowing			
	2018/19	2017/18	
	£	£	
Loans re-payable within one year	15,754,605	5,409,381	
Finance Lease Principal	4,172	23,731	
Total Short Term Borrowing	15,758,777	5,433,112	
b Long Term Borrowing			
	2018/19	2017/18	
	£	£	
Between 1 and 2 years	4,277,171	4,758,777	
Between 2 and 5 years	11,042,620	11,857,994	
Between 5 and 10 years	15,919,107	16,243,806	
In more than 10 years	22,273,101	25,890,199	
Government Loans Fund	53,991,999	58,750,776	
Total Borrowing	69,750,776	64,183,888	

18 Creditors			
a Short Term Creditors			
		2018/19 £	2017/18 £
Government Departments		1,139,045	958,334
Other Councils		181,296	35,711
Public corporations and trading funds		10,272	3,103
Bodies external to general government		-	-
VAT clawback		-	-
VAT		-	-
Remuneration due to employees		1,569,079	1,456,551
Accumulated Absences		390,926	357,308
Loan Interest Payable		-	-
Capital Creditors		4,455,203	2,319,463
Receipts in advance		591,947	503,936
Trade Creditors		3,987,535	3,685,212
Other		233,484	203,594
Contract Payables		-	-
Total Short Term Creditors		12,562,607	9,573,212

a Payment of Invoices

The Council has a target, where no other terms are agreed, of paying supplier invoices within 30 calendar days. During the year the Council paid 23,142 invoices totalling £62,440,796.

The number of disputed invoices were 111.

The Council paid:

20,904 (90%) invoices with 30 calendar days target;
2,225 (10%) invoices within 10 working days target; and
2,738 invoices outside of the 30 day target.

19 Provisions							
	Balance as at 1 April 2018	Increase in provision during year	Utilised during year	Unused amounts reversed	Interest cost and/or discount rate changes	Balance as at 31 March 2019	
	£	£	£	£	£	£	£
Landfill Closure	4,198,941	-	(442,539)	(591,493)	(23,916)	3,140,993	
Staff Costs	207,251	-	(83,610)	(53,141)	-	70,500	
Rates Support Grant	-	2,664,675	-	-	-	2,664,675	
Other	-	-	-	-	-	-	
Total	4,406,192	2,664,675	(526,149)	(644,634)	(23,916)	5,876,158	
Current Provisions	207,251	2,664,675	(83,610)	(53,141)	-	2,735,175	
Long Term Provisions	4,198,941	-	(442,539)	(591,493)	(23,916)	3,140,993	
Total	4,406,192	2,664,675	(526,149)	(644,634)	(23,916)	5,876,158	
Comparative Year							
Provisions	Balance as at 1 April 2017	Increase in provision during year	Utilised during year	Unused amounts reversed	Interest cost and/or discount rate changes	Revised Balance as at 31 March 2018	
	£	£	£	£	£	£	£
Landfill Closure	3,757,476	-	(493,849)	-	(935,314)	4,198,941	
Staff Costs	140,748	63,503	-	-	-	207,251	
Total	3,901,224	63,503	(493,849)	-	(935,314)	4,406,192	
Current Provisions	140,748	63,503	-	-	-	207,251	
Long Term Provisions	3,757,476	-	(493,849)	-	(935,314)	4,198,941	
Total	3,901,224	63,503	(493,849)	-	(935,314)	4,406,192	

20 Financial Instruments

Categories of Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet:

Financial Assets as at 31 March 2019

	Non-Current		Current		Total
	Investments & Cash and Cash Equivalents	Debtors	Investments & Cash and Cash Equivalents	Debtors	
	£	£	£	£	£
Fair Value through profit or loss	-	-	-	-	-
Amortised cost	-	143,306	1,103,573	920,457	2,167,336
Fair Value through other comprehensive income - designated equity instruments	-	-	-	-	-
Fair Value through other comprehensive income - other	-	-	-	-	-
Total Financial Assets	-	143,306	1,103,573	920,457	2,167,336
Non-Financial Assets	-	-	-	6,117,595	6,117,595
Total	-	143,306	1,103,573	7,038,052	8,284,931

Debtors of amortised cost as at 31 March 2019

	Non-Current	Current
	£	£
Trade Receivables	-	562,420
Trade Receivables - Impairment Loss	-	(219,403)
Government Departments	-	268,444
Salt Loans	50,741	3,600
Employee Car Loans	28,565	22,549
Gas Income Debtor	64,000	257,000
Other	-	26,147
Total	143,306	920,457

Financial Assets as at 31 March 2018

	Non-Current		Current		Total
	Investments & Cash and Cash Equivalents	Debtors	Investments & Cash and Cash Equivalents	Debtors	
	£	£	£	£	£
Fair Value through profit or loss	-	-	-	-	-
Amortised cost	-	550,191	2,649,235	1,614,600	4,814,026
Fair Value through other comprehensive income - designated equity instruments	-	-	-	-	-
Fair Value through other comprehensive income - other	-	-	-	-	-
Total Financial Assets	-	550,191	2,649,235	1,614,600	4,814,026
Non-Financial Assets	-	-	-	4,784,607	4,784,607
Total	-	550,191	2,649,235	6,399,207	9,598,433

Debtors at amortised cost as at 31 March 2018

	Non-Current	Current
	£	£
Trade Receivables	-	818,185
Trade Receivables - Impairment Loss	-	(311,616)
Government Departments	-	843,347
Soft Loans	54,341	3,603
Employee Car Loans	37,321	31,205
Gas Income Debtor	458,329	117,759
Other	-	111,320
Total	550,191	1,614,608

Financial Liabilities as at 31 March 2011

	Non-Current		Current		Total
	Borrowings	Creditors	Borrowings	Creditors	
	£	£	£	£	£
Fair Value through profit or loss	-	-	-	-	-
Amortised cost	53,291,999	-	15,756,777	9,312,213	79,362,989
Total financial liabilities				9,312,213	9,312,213
Non-financial liabilities	-	-	-	3,250,596	3,250,596
Total	53,291,999	-	15,756,777	12,562,809	82,313,585

Financial Liabilities as at 31 March 2018

	Non-Current		Current		Total
	Borrowings	Creditors	Borrowings	Creditors	
	£	£	£	£	£
Fair Value through profit or loss	-	-	-	-	-
Amortised cost	58,750,776	-	5,433,111	6,655,019	70,838,906
Total financial liabilities	58,750,776	-	5,433,111	6,655,019	70,838,906
Non-financial liabilities	-	-	-	2,918,193	2,918,193
Total	58,750,776	-	5,433,111	9,573,212	73,767,097

Material soft loans made by the Council

The Council has one historic soft loan but does not consider this to be material.

Employee Car Loans

The Council makes loans for car purchases to (i) employees in the authority who are in posts that require them to drive regularly on the Council's business.

Interest is charged on the loans at Bank of England Base Rate plus 1.5%.

	2015/16	2017/18
	£	£
Balance at start of year:		
Opening balance	68,726	87,769
Nominal value of new loans granted in the year	17,500	23,400
Fair value adjustment on initial recognition	-	-
Fair value of new loans repaid	86,226	116,169
Impairment losses	(35,211)	(12,443)
Increase in discounted amount	-	-
Other changes	-	-
Closing balance at end of year	50,915	68,726
Nominal value at end of year	50,915	68,726

Valuation assumptions

These loans have been valued at nominal value as they are not considered material to the Council.

Income, Expense, Gains and Losses

	2016/17	2017/18
	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure
	£	£
Interest revenue		
Financial assets measured at amortised cost	13,648	-
Total interest revenue	13,648	-
Interest expense	2,176,448	-

	2017/18	2018/19
	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure
	£	£
Interest revenue		
Financial assets measured at amortised cost	5,403	-
Total interest revenue	5,403	-
Interest expense	2,158,736	-

Fair Values of Financial Assets and Financial Liabilities

Fair Values of Financial Assets and Financial Liabilities that are not Measured at Fair Value (but for which Fair Value Disclosures are Required).

All the financial liabilities and financial assets held by the authority are classified as loans and receivables and long term debtors and creditors and are carried in the Balance Sheet at amortised cost. The fair values calculated are as follows:

	31st March 2017	31st March 2018
Financial liabilities	Carrying amount	Carrying amount
	£	£

Financial liabilities held at amortised cost (Loans)	69,750,776	81,471,165	64,183,887	75,199,440
Long-term creditors PFI and finance lease	-	-	-	-
Total	69,750,776	81,471,165	64,183,887	75,199,440

The fair value of borrowings is higher than the carrying amount because the majority of the Council's portfolio of loans are held with the FWWL and carry a premature redemption penalty if the loans are repaid early.

Other financial assets and liabilities including trade receivables, trade payables and cash and cash equivalents are carried at cost as this is a fair approximation of their value.

Fair Values of Financial Assets and Financial Liabilities that are not Measured at Fair Value

31st March 2019				
	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Recurring fair value measurements using:	£	£	£	£
Financial liabilities				
Financial liabilities held at amortised cost				
Loans/borrowings	-	81,471,165	-	81,471,165
Total	-	81,471,165	-	81,471,165
Financial assets				
Financial assets held at amortised cost				
Self loans to third parties	-	105,254	-	105,254
Other financial assets	-	-	-	-
Total	-	105,254	-	105,254

31st March 2018				
	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Recurring fair value measurements using:	£	£	£	£
Financial liabilities				
Financial liabilities held at amortised cost				
Loans/borrowings	-	75,199,440	-	75,199,440
Total	-	75,199,440	-	75,199,440
Financial assets				
Financial assets held at amortised cost				
Self loans to third parties	-	126,667	-	126,667
Other financial assets	-	-	-	-
Total	-	126,667	-	126,667

The fair value for financial liabilities and financial assets that are not measured at fair value included in levels 2 and 3 in the table above have been arrived at using a discounted cash flow analysis with the most significant inputs being the discount rate.

The fair value for financial liabilities and financial assets that are not measured at fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments.

Other financial assets including trade receivables and cash and cash equivalents are carried at cost as this is a fair approximation of their value.

Nature and Extent of Risks Arising from Financial Instruments

The Council's activities expose it to a variety of financial risks:

Credit Risk

Credit risk arises from deposits with banks and financial institutions as well as credit exposures to the Council's customers. Customers are assessed taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with parameters set by the Council. The provision for bad and doubtful debts reflects the Council's assessment of the risk of non-payment by trade debtors and as such, there is no further additional estimated exposure to default and inability to collect.

Trade Debtors, inclusive of VAT, are analysed by age as follows:	
	£
Less than three months	329,213
Three to six months	50,435
Six months to one year	73,549
More than one year	269,433
Total	722,632

Loss Allowance by Asset Class - Assets Held at Amortised Cost

Lifetime expected credit losses - not credit impaired	
	£
Opening Balance as at 1 April 2018	311,516
Amounts written off	(3,555)
Other changes	(86,861)
Closing Balance as at 31 March 2019	219,400

There is no historical experience of default in relation to deposits with banks and other financial institutions. The Council manages credit risk by ensuring that investments are only placed with organisations of high credit quality as set out in the Treasury Management Strategy.

Liquidity Risk

The Council manages its liquidity position through the risk management processes set out in its annual Treasury Management Strategy and prudential indicators, as well as through the active management of the cash flow position. This seeks to ensure that cash is available when it is needed.

As the Council has ready access to borrowing from the Public Works Loans Board, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. The maturity analysis of financial liabilities is included at Note 17 and other payables are due for payment within one year.

Market Risk: Interest Rates

The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. The Council is in receipt of loans from the Department of Finance however these loans are at fixed concessionary interest rates that differ from the prevailing market rates.

Foreign Exchange Risk

The Council has no financial assets or liabilities denominated in foreign currencies other than a bank account denominated in Euro. This account is used solely to facilitate the GANN Project (Collaborative Action for the Natura Network). The Council does not consider this a material exposure to loss arising from movements in exchange rates.

21 Retirement Benefits

a Participation in the Northern Ireland Local Government Officers' Pension Fund

As part of the terms and conditions of employment of its officers and other employees, the Council offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The Council participates in the Northern Ireland Local Government Officers' Pension Fund administered by the Northern Ireland Local Government Officers' Superannuation Committee. This is a funded scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

b Transactions relating to retirement benefits - Comprehensive Income and Expenditure Statement Charges

The Council recognises the cost of retirement benefits in the Cost of Services on Continuing Operations when they are earned by employees rather than when the benefits are eventually paid as pensions.

However, the charge the Council is required to make against district rates is based on the costs payable in the year, and the real cost of retirement benefits is reversed out in the adjustments between accounting basis & funding basis under regulations line, in the Movement on Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the adjustments between accounting basis & funding basis under regulations line, in the Movement on Reserves Statement during the year:

Note	2016/17 £	2017/18 £
Net cost of services:		
Current service cost	8,022,000	7,627,000
Past service cost/(gain)	37,000	57,000
Gains and losses on settlements or curtailments		
Net operating expenditure:		
Net interest on net defined benefit liability (asset)	914,000	828,000
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services	8,973,000	7,907,000
Movement in Reserves Statement:		
Reversal of net charges made for retirement benefits in accordance with IAS - 19 and the Code	(8,973,000)	(7,907,000)
Actual amount charged against the general fund balance for pensions in the year:		
Employers' contributions payable to scheme	4,979,000	4,371,490
Net adjustment to General Fund	(3,994,000)	(3,535,510)

The service cost figures include an allowance for administration expenses of £xx.

Re-measurements recognised in Other Comprehensive Income and Expenditure	Note	2018/19 £	2017/18 £
Liability gains/(losses) due to change in assumptions		(11,699,000)	(3,418,361)
Liability gains/(losses) due to demographic changes		8,503,000	-
Liability experience gains/(losses) arising in the year		(189,000)	(621,000)
Actuarial gains/(losses) on plan assets		7,215,000	3,946,871
Other		-	-
Total gains/(losses) recognised in Other Comprehensive Income and Expenditure		3,830,000	(92,490)

c Assets and liabilities in relation to retirement benefits			
Reconciliation of present value of the scheme liabilities	Note	2018/19 £	2017/18 £
Balance as at 1 April		196,935,000	183,143,000
Current service cost		8,022,000	7,827,000
Interest cost		5,098,000	4,728,000
Contributions by members		1,435,000	1,379,000
Re-measurements (gains) and losses:			
Actuarial gains/losses arising from changes in financial assumptions		(11,699,000)	(3,418,361)
Actuarial gains/losses arising from demographic changes		8,503,000	-
Actuarial gains/losses arising on liabilities from experience		(189,000)	(621,000)
Other (if applicable)		-	-
Past service costs/(gains)		37,000	52,000
Losses/(gains) on curtailments		-	-
Liabilities extinguished on settlements		-	-
Estimated unfunded benefits paid		(81,000)	(86,361)
Estimated benefits paid		(4,127,000)	(3,997,000)
Balance as at 31 March		210,024,000	196,285,000

Reconciliation of present value of the scheme assets	Note	2018/19 £	2017/18 £
Balance as at 1 April		158,638,000	147,124,000
Interest income		4,154,000	3,900,000
Contributions by members		1,435,000	1,379,000
Contributions by employer		4,898,000	4,283,127
Contributions in respect of unfunded benefits		81,000	86,361
Re-measurement gain/(loss)		7,215,000	3,946,871
Assets distributed on settlements		-	-
Unfunded benefits paid		(81,000)	(86,361)
Benefits paid		(4,127,000)	(3,997,000)
Balance as at 31 March		172,213,000	158,638,000

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected return on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on scheme assets in the year was a gain of £xx (2017/18 gain of £xx).

Fair Value of Plan Assets	2018/19 £	2017/18 £
Equity investments	102,466,733	118,185,310
Bonds	40,470,865	18,243,370
Property	19,297,856	16,556,790
Cash	4,649,751	4,124,588
Other	5,338,603	1,427,742
	172,213,000	158,438,800

The above asset values are at bid value as required by IAS 19.

Details of estimates made by the Fund Manager when assessing the fair values of plan assets:

The Council's share of the Net Pension Liability (Included in the Balance Sheet):

	2018/19 £	2017/18 £
Fair Value of Employer Assets	172,213,000	156,636,000
Present value of funded defined benefit obligation	(210,024,000)	(196,611,000)
Pension asset/(liability) of Funded Scheme	(37,811,000)	(39,975,000)
Present Value of unfunded defined benefit obligation	1,745,000	1,324,000
Other movement in the liability (asset) (if applicable)		
Net asset/(liability) arising from the defined benefit obligation	(37,811,000)	(37,647,000)
Amount in the Balance Sheet:		
Liabilities	(210,024,000)	(196,285,000)
Assets	172,213,000	156,636,000
Net Asset/(Liability)	(37,811,000)	(37,647,000)

d Scheme History

Analysis of scheme assets and liabilities	2018/19 £	2017/18 £
Fair Value of Assets in pension scheme	172,213,000	156,636,000
Present Value of Defined Benefit Obligation	(210,024,000)	(196,285,000)

Surplus/(deficit) in the Scheme	(37,811,000)	(37,647,000)
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Amount recognised in Other Comprehensive Income and Expenditure	2018/19 £	2017/18 £
Actual gain/(losses)	(3,385,000)	(4,039,361)
Expected Return on Plan Assets	(7,215,000)	(3,945,871)
Increase/(decrease) in irrecoverable surplus from membership loss and other factors	3,385,000	4,039,361
Remeasurements recognised in Other Comprehensive Income and Expenditure	(3,830,000)	92,450
Cumulative actual gain and losses	(3,737,500)	92,450
History of experience gain and losses:		
Experience gains and (losses) on assets	(7,215,000)	(3,546,671)
Experience gains and (losses) on liabilities	1,699,000	3,418,361

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £210,024,000 has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, resulting in a net deficit of £37,811,000.

However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy. The deficit on the Northern Ireland Local Government Officers' Pension fund will be made good by increased contributions over the remaining working life of employees, assessed by the scheme actuary.

Analysis of projected amount to be charged to the Comprehensive Income and Expenditure Statement for the year to 31

	31/03/2019 £	31/03/2018
Projected current cost	8,022,000	22.8%
Net interest on the net defined benefit liability / asset	881,000	2.5%
Past service cost	32,000	0.1%
Gains and losses on settlements or curtailments		0.0%
	8,140,000	25.4%

The total contributions expected to be made to the Northern Ireland Local Government Officers' Pension Fund by the council in the year to 31 March 2020 is £25,050,000.

History of experience gains and losses

The actuarial gain/losses identified as movements on the Pensions Reserve 2018/19 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2019.

	2018/19 %	2017/18 %
Experience gain and (losses) on Assets	-4.17%	-2.49%
Experience gains and (losses) on liabilities	-3.57%	-1.74%

• Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in the future years dependent on assumptions about mortality rates, salary levels, etc. The Council's fund liabilities have been assessed by Aon Hewitt Limited, an independent firm of actuaries, estimates for the Council Fund being based on data pertaining to the latest full valuation of the scheme as of 31 March 2019.

Pension scheme assumptions:	2018/19	2017/18
Equity Investments	59.5%	71.4%
Bonds	23.5%	12.4%
Property	11.2%	10.0%
Cash	2.7%	4.5%
Other	3.1%	1.7%
Mortality assumptions:		
Longevity at 65 current pensioners:	Years	Years
Men	22.6	23.3
Women	24.3	25.5
Longevity at 65 for future pensioners:		
Men	24.5	25.9
Women	26.7	28.2
Initial/Pension Increase Rate	2.20%	2.10%
Salary Increase Rate	3.70%	3.60%
Expected Return on Assets	0.00%	0.00%
Discount Rate	2.40%	2.60%
Pension accrual's revaluation rate	2.20%	2.10%
Take-up of option to convert annual pension into retirement lump sum:		
Service to April 2009	0%	0%
Service post April 2009	0%	20%

Pension Assumptions Sensitivity Analysis

The pension figures disclosed in these financial statements are sensitive to the assumptions used.

The approximate impact of changing key assumptions on the present value of the funded defined benefit obligation as at 31 March 2019 is set out below.

In each case, only the assumption noted below is affected; all other assumptions remain the same and are summarised in the disclosure above.

Funded Pension Scheme Benefits

Discount Rate Assumption		
Adjustment to discount rate	+0.1%p.a.	-0.1%p.a.
Present value of the total obligation	704,811,000	212,824,000
% Change in the present value of the total obligation	-1.90%	1.90%
Projected service cost	8,774,000	8,736,000
Approximate % change in projected service cost	-2.70%	2.70%
Rate of General Increase in Salaries		
Adjustment to salary increase rate	+0.1%p.a.	-0.1%p.a.
Present value of the total obligation	209,963,000	207,606,000
% change in the present value of the total obligation	0.60%	-0.60%
Projected service cost	3,502,000	8,502,000
Approximate % change in projected service cost	0.00%	0.00%
Rate of Increase to Pensioners in Payment and Deferred Pension Assumption		
Adjustment to pension increase rate	+0.1%p.a.	-0.1%p.a.
Present value of the total obligation	211,427,000	205,972,000
% Change in the present value of the total obligation	1.40%	-1.30%
Projected service cost	8,736,000	8,274,000
Approximate % change in projected service cost	-2.70%	-2.70%
Post Retirement Mortality Assumption		
Adjustment to mortality age rating assumption*	-1 Year	+1 Year
Present value of the total obligation	213,433,000	202,182,000
% change in the present value of the total obligation	3.20%	-3.20%
Projected service cost	8,822,000	8,185,000
Approximate % change in projected service cost	3.60%	-3.70%

* A rating of +1 year means that all members are assumed to follow the mortality pattern of the table above for an individual that is 1 year older than that.

Major categories of plan assets as percentage of total plan assets

The Northern Ireland Local Government Officers' Pension Fund's assets consist of the following categories, by proportion of the total assets held:

	31/03/2019	31/03/2018
	%	%
Equity investments	59.50%	71.45%
Government Bonds	16.50%	5.20%
Corporate Bonds	7.00%	7.20%
Property	11.20%	10.00%
Cash	2.70%	4.50%
Other	3.10%	1.70%
Total	100.00%	100.00%

Northern Ireland Civil Service Pension Arrangements

The Northern Ireland Civil Service Pension arrangements are unfunded multi-employer defined benefit schemes but the Council is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31/03/2019. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the CoF Superannuation and Other Allowances Resource Accounts as at 31 March 2019.

Guaranteed Minimum Pension (GMP) is a portion of pension that was accrued by individuals who were contracted out of the state pension prior to 6 April 1997. At present there is an inequality of benefits between male and female members who have GMP. Although the Government intends that GMP should be equalised, at present it is not clear how this equalisation will be implemented. In July 2014 the Government stated an intention to develop fully considered proposals and to publish guidance when its work is completed, but no target date was given. The impact of any liabilities relating to the Council is therefore uncertain and no provision has been made in these financial statements.

22 Donated Assets Account

The Council does not have any donated assets for which conditions have not been met.

23 Capital Grants Received in Advance

Analysis of Capital Grants Receipts in Advance Balance

The Council has no capital grants received in Advance.

24 Contingencies

THE No 21 Joint Committee has with the approval of their participant Councils, entered into a Contingent Liability undertaking with the bidding consortium in the procurement for the Residual Waste Treatment Project. Payment is made if any in accordance with this undertaking will be funded by the participating Councils. No further information on this agreement can be disclosed due to the commercial sensitivity of the procurement process.

The McCoid Judgement

In December 2018 the Court of Appeal ruled against the Government in the McCoid /Sargeant judgement, which found that the transitional protection arrangements put in place when the fire fighters and the judges pension schemes were reformed were age discriminatory. The ruling potentially has implications for all public sector schemes which were reformed around the same time and could lead to members who were discriminated against being compensated. The transitional protections applied to all active members of the public service schemes who were within ten years of their normal pension age on 1st April 2012. The Government has applied to the Supreme Court for permission to appeal this judgement.

25 Other cash flow disclosures:

a Analysis of Adjustments to Surplus/Deficit on the Provision of Services

Adjustment to surplus or deficit on the provision of services for noncash movements			
	Notes	2018/19	2017/18
		£	£
Depreciation	11	7,236,938	6,289,873
Impairment & downward revaluations (& non-sale derecognitions)	11	1,733,615	4,733,529
Amortisation (included with depreciation above)		-	-
(Increase)/Decrease in inventories		(30,595)	28,570
(Increase)/Decrease in Debtors		60,059	(322,986)
Increase/(decrease) in Impairment provision for bad debts		(92,213)	(5,737)
Increase/(Decrease) in Creditors		1,183,988	375,608
Increase/(Decrease) in Interest Creditors		-	-
Payments to NILGOSC	20	3,994,000	3,535,510
Carrying amount of non-current assets sold	8	312,234	587,645
AIC/WIP written off to Net Cost of Services	11	392,335	(76,199)
Contributions to Other Reserves/Provisions		1,467,276	782,396
Movement in value of investment properties included above in Impairment & downward revaluations (& non-sale derecognitions)		-	(182,758)
Amounts posted to CIES from Donated Assets Account	21	-	-
Contract Costs		-	-
Contract Assets		-	-
Contract Liabilities		-	-
Deferred revenue		-	-
		16,260,337	15,795,461

Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing			
	Notes	2018/19	2017/18
		£	£
Purchase of short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)		-	-
Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)		-	-
Proceeds from the sale of PP&E, investment property and intangible assets		(85,674)	(696,122)
Capital grants included in "Taxation & non-specific grant income"		(2,729,229)	(1,094,305)
		(2,814,903)	(1,790,427)

b Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand and in bank and short term deposits and investments (considered to be cash equivalents), net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the Balance Sheet as follows:

	2018/19	2017/18	2016/17
	£	£	£
Cash and Bank balances	1,091,386	645,630	5,271,112
Short term Deposits (considered to be Cash Equivalents)	12,187	2,003,605	2,535,577

Short Term investments (considered to be Cash Equivalents)	-	-	-
Bank Overdraft	(917,976)	(213,628)	(986,177)
	185,597	2,435,607	6,820,512

c Cash Flow Statement: Operating Activities		2018/19	2017/18
The cash flows from operating activities include:		£	£
Interest received		16,679	5,403
Interest paid		2,176,448	2,158,786

d Cash flows from Investing Activities		2018/19	2017/18
		£	£
Purchase of PF&E Investment property and intangible		(15,288,761)	(18,264,993)
Purchase of Short Term Investments (not considered to be cash equivalents)		-	-
Purchase of Long Term Investments		-	-
Other Payments for Investing Activities		-	-
Proceeds from the sale of PF&E Investment property and intangible assets		85,694	696,122
Proceeds from Short Term Investments (not considered to be cash equivalents)		-	-
Proceeds from Long Term Investments		-	-
Capital Grants and Contributions Received		2,495,842	446,820
Other receipts from investing Activities		-	-
Net Cash flows from Investing Activities		(12,707,225)	(17,122,051)

c Cash flows from Financing Activities		2018/19	2017/18
		£	£
Cash Receipts from Short and Long Term Borrowing		11,000,000	10,000,000
Other Receipts from Financing Activities		-	-
Cash payments for the reduction of the outstanding liability relating to a finance lease and on-Balance Sheet PFI contracts		(23,730)	(43,326)
Repayment of Short and Long Term Borrowing		(5,409,381)	(5,307,145)
Other payments for Financing Activities		-	-
Net Cash flows from financing Activities		5,566,889	4,649,529

26 Usable Reserves

a Capital Receipts Reserve

These are capital receipts which have originated primarily from the sale of assets which have not yet been used to finance capital expenditure.

The Capital Receipts Reserve is credited with the proceeds from fixed asset sales and other monies defined by statute as capital receipts. These are originally credited to the Comprehensive Income and Expenditure Statement as part of the gain/loss on disposal and posted out via the Movement in Reserves Statement to the Capital Receipts Reserve. The reserve is written down when resources are applied to finance new capital expenditure or set aside to reduce an authority's capital financing requirement (or used for other purposes permitted by statute).

Capital Receipts Reserve		Notes	31/03/2019	31/03/2018
			£	£
At 1 April			-	-
Movement				
Disposal of Non Current Assets/Capital Sales			85,694	696,122
Capital Receipts used to finance capital expenditure		3, 11	(85,694)	(696,122)
At 31 March			-	-

b Capital Fund

This fund was established under section 56 of the Local Government Act (NI) 1972, however this section of the act was repealed under the Local Government Finance Act (Northern Ireland) 2011. Councils should disclose details where any of these reserves are earmarked for specific purposes.

Capital Fund		Notes	31/03/2019	31/03/2018
			£	£
At 1 April			1,255,113	1,255,113
At 31 March			1,255,113	1,255,113

c Other Balances & Reserves

Other Balances & Reserves (Election Reserve)		Notes	31/03/2019	31/03/2018
			£	£
At 1 April			240,000	-
Transfers between statutory & other reserves & the General Fund		4	120,000	240,000
At 31 March			360,000	240,000

This reserve is used to equalise (smooth) the cost of elections by building up a fund to cover the costs of future elections by making contributions, as and when required, to the reserve.

d General Fund

This reserve shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from District Rates. Councils raise rates to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

General Fund		Notes	31/03/2019	31/03/2018
			£	£
At 1 April			11,287,313	8,909,091
Applied Capital Grants		10, 12	(2,729,299)	(1,024,005)
Unapplied Capital Grants received in year			-	-
Direct Revenue financing		4, 2	-	-
Depreciation and Impairment adjustment		4	8,970,553	10,890,654
Statutory Provision for financing Capital Investment		4	(6,046,000)	(5,361,000)
Net Revenue expenditure funded from capital under statute		4, 12	1,871,141	(81,945)
Surplus/(Deficit) on the Provision of Services		CIES	(8,555,018)	(5,917,713)
Transfers between Statutory and Other Reserves and the General Fund		4	(120,000)	(240,000)
Net movements on Pension Reserve		4, 20	3,994,000	3,535,510
Disposal of Fixed Assets/Capital Sales		3, 4, 11, 23	226,540	(108,477)
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements			33,618	(96,986)
Other Movements			254,588	852,184
At 31 March			9,187,436	11,287,313

27 Unuseable Reserves

a Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for the acquisition, construction or enhancement of those assets under statutory provisions.

The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement, with reconciling postings from the Revaluation Reserve to convert fair value figures to an historic cost basis.

The account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and subsequent costs.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2008, the date that the Revaluation Reserve was created to hold such gains.

Capital Adjustment Account	Notes	31/03/2019	31/03/2018
		£	£
At 1 April		50,010,076	52,120,218
Applied Capital Grants	10, 12	2,729,299	1,094,005
Unapplied Capital Grants transferred to CAA in year		-	-
Direct Revenue financing	4, 12	-	-
Depreciation & Impairment adjustment	11	(8,970,553)	(10,890,654)
Statutory Provision for financing Capital Investment	4, 12	6,046,000	5,361,000
Net Revenue expenditure funded from Capital under	4, 12	(1,871,141)	81,945
Disposal of Fixed Assets/ Capital Sales	4, 11	(312,234)	(587,645)
Capital Receipts used to finance capital expenditure	4, 12	85,694	696,122
Other Movements		1,963,887	2,135,085
Transfers between Capital Fund/Renewal & Repair Fund & CAA to finance capital expenditure	12	-	-
At 31 March		49,481,028	50,010,076

b Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment and Intangible Assets. The reserve is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The reserve contains only revaluation gains accumulated since 1 April 2008, the date the reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

The purpose of this account is to build up a balance based on the revaluation (upwards or downwards) of individual assets. All such revaluations (excluding impairment losses that have been debited to Surplus/(Deficit) on the Provision of Services are mirrored in Other Comprehensive Income and Expenditure. It is a fundamental principle of this account that it never becomes negative. If an asset was held at current value when derecognised, the balance held on the Revaluation Reserve is written off to the Capital Adjustment Account.

Revaluation Reserve	Notes	31/03/2019	31/03/2018
		£	£

At 1 April		45,046,424	35,064,168
Revaluation & Impairment	-11	2,920,753	12,117,341
Movements from associates & joint ventures			-
Other Movements		(1,911,550)	(2,135,085)
At 31 March		46,055,627	45,046,424

c Pension Reserve

Pension Reserve	Notes	31/03/2019	31/03/2018
		£	£
At 1 April		(37,647,000)	(34,019,000)
Net Movements on Pension Reserve	4, 20	(3,994,000)	(3,535,510)
Revaluation & Impairment	20	3,830,000	(92,490)
At 31 March		(37,811,000)	(37,647,000)

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

d Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund balance from accruing for compensated absences earned but not taken in the year e.g. staff annual leave entitlement carried forward at the end of the financial year. Statutory arrangements are expected to require that the impact on the General Fund is neutralised by transfers to or from this Accumulated Absences Account.

Accumulated Absences Account	Notes	31/03/2019	31/03/2018
		£	£
At 1 April		(357,308)	(454,294)
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements		(33,618)	96,986
At 31 March		(390,926)	(357,308)

e Provisions Discount Rate Reserve

The Provisions Discount Rate Reserve covers the arrangement, put in place by the Department under its amendment to the 2017/18 accounts direction (see DIC circular 17/18), to allow for mitigation of the costs not allowed for by Councils who had adopted the HM Treasury Central Government discount rate for long-term provisions such as landfill costs.

Subject to agreement with the Department, this arrangement allows a council to spread the cost of the impact of discount rate changes over a period of not more than 5 years.

Provisions Discount Rate Reserve	Notes	31/03/2019	31/03/2018
		£	£
At 1 April		(852,184)	-
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements		(254,588)	(852,184)
Other Movements		-	-
At 31 March		(1,106,772)	(852,184)

26 Significant Trading Operations

The Council considers its only significant trading operation to be the provision of car parking facilities. The results for this are disclosed in Note 2, namely income of £920,538 and costs of £459,553.

Non-financial criteria taken into account in deciding whether trading operations are significant to the Council are:

- the importance of each individual trading operation to demonstrating the achievement of Council targets and improving performance;
- the exposure of the Council to service reputational loss risk by providing the service;
- whether the provision of the service is likely to be of interest to the Council's key stakeholders and their needs.

29 Agency Services

1. Newry BID Company Ltd - Business Improvement Districts (BIDs) were an initiative established through the Department for Communities which allow town centres to establish action plans to bring forward additional initiatives, services and projects under a BID plan. Rate paying businesses within the defined BID area then vote whether to accept the plan or not. If the BID is approved by a majority of the ballot received an additional BID levy is then invoiced to all businesses within the BID area to implement the agreed plan. The Council provides invoicing and debt collection services to Newry BID Company Ltd. During the year the Council raised invoices on behalf of the company amounting to £336,224. Payments were made to the company of £302,500. The company also reimburses the Council's reasonable charges and expenses which amounted to £24,469 for the financial year under review. The balance outstanding from the BID company's debtors amounted to £188,577 at 31st March 2019. This resulted in a net amount of debt held by the Council on behalf of the company at 31st March 2019 of £81,090, this balance is included in Short Term Creditors. No transactions other than the charges noted previously have been reflected in the Comprehensive Income and Expenditure Statement.

2. C.A.N.N. is the abbreviation for Collaborative Action for the Natura Network. The Group consists of eleven project partners, Agri-Food and Biosciences Institute, Argyll and the Isles Coast and Countryside Trust, Armagh City, Banbridge and Craigavon Borough Council, East Border Region Ltd, Golden Eagle Trust, Institute of Technology Sligo, Monaghan County Council, Newry, Mourne and Down District Council, Scottish Natural Heritage, Ulster University and the Ulster Wildlife Trust. The project is funded by the Special EU Programmes Body (SEUPB). Newry Mourne and Down District Council (NMDDC) are the lead partners where they pay the salaries of employees and invoices. Claims for the project partners are made by the individual organisations to SEUPB. The funding for all partners is paid into NMDDC's bank account. The Council subsequently pays this funding to the project partners. During this current year NMDDC received €1,707,450 of grants from SEUPB on behalf of the ten project partners and paid €1,548,450 to the project partners. These transactions are not reflected in the Council's Revenue accounts. There was a balance of €159,000 (£136,416 sig) owing to the other project partners at 31st March 2019.

A Related Party Transaction is a transfer of resources or obligations between related parties, regardless of whether a price is charged. Related Party Transaction exclude transactions with any other entity that is a related party solely because of its economic dependence on the Council or the Government of which it forms part. A related party is one that has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes cases where the related party entity and another entity are subject to common control but excludes providers of finance in the course of their normal business with the Council and Trade Unions in the course of their normal dealings with the Council.

Transactions with related parties not disclosed elsewhere in these financial statements are set out below, where a description of the nature, the amount of the transaction and the amount of the outstanding balance is as follows. Note that related party relationships where control exists should be disclosed irrespective of whether there have been transactions between the related parties.

Councillors have direct control over the Council's financial and operating policies. During the year, the Council paid for works and services amounting to £612,634 from organisations in which individual Councillors have an interest. The main recipient within this total is £448,879 to Mourne Heritage Trust.

The Council paid grants of £218,203 to a number of organisations in which Councillors represented the Council's interests. These grants were made with proper consideration of declaration of interests.

The Council incurred expenditure of £555,791 to other councils of which £44,061 was outstanding as at 31st March 2019.

The Council has recorded income of £251,321 from other Councils of which £70,789 was outstanding as at 31st March 2019.

Arc 21 a joint committee organisation is a waste management group in Northern Ireland representing councils in the east of the province. The Council's contribution in the current year was £188,321. The Council paid an additional £1,556,956 to Arc 21 for various services provided during the year including the use of the Material Recycling Facility and received income of £72,363.

31 Date of authorisation for issue

The Chief Financial Officer will authorise these financial statements for issue in September 2019.

Report to:	Audit Committee
Date of Meeting:	3 July 2019
Subject:	Assurance Framework and Code of Governance
Reporting Officer (Including Job Title):	Gerard Byrne, Audit Services Manager
Contact Officer (Including Job Title):	Gerard Byrne, Audit Services Manager

Confirm how this Report should be treated by placing an x in either:-

For decision	For noting only	x
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1.0	Purpose and Background:
1.1	The purpose is to explain to Members the key elements of the 'year-end' process and the 'assurance framework' that the Council has recently developed to help ensure that the Council complies with statutory requirements and Members and senior officers can have effective, ongoing oversight of the Council's governance and assurance arrangements.
2.0	Key issues:
2.1	<p>The Chairman has completed a self-assessment exercise on the effectiveness of the Audit Committee on behalf of Elected Members, this year using the updated National Audit Office Self-Assessment Checklist (September 2017). The NAO checklist is the benchmark for best practice. This was presented in January 2019, and one of the recommendations was for Council to bring back a paper on Assurance Mapping to the Audit Committee.</p> <p>The Council's Assurance Framework is summarised at Appendix 1. It shows how different sources of assurance and related key elements / control measures combine to enable the Council to monitor its governance arrangements and produce the evidence to support its Annual Governance Statement.</p> <p>The diagram shows how the Council's Audit Committee, the Strategic Policy and Resources Committee and Council provide oversight of these governance arrangements.</p> <p>The Council has a statutory responsibility to annually prepare and publish an Annual Governance Statement as part of the Financial Report. Many different processes inform the preparation of the Statement as can be seen from the Assurance Framework at Appendix 1.</p> <p>Included within the Assurance Statement is the Council's Code of Governance (Appendix 1). The CIPFA Solace 'Delivering Good Governance in Local Government: A Framework' was issued in April</p>

	<p>2016 and represents best practice for developing and maintaining a local code of governance and applies to the Annual Governance Statement.</p> <p>NMDDC is committed to the principles of good governance and has developed this Code of Governance to demonstrate this commitment. This Code will be updated and approved by the Audit Committee on an annual basis.</p>
3.0	Recommendations:
3.1	<p>The Committees is asked to</p> <ul style="list-style-type: none"> • Note the Council's Assurance Framework (and also the Code of Governance), illustrated and described at Appendix 1.
4.0	Resource implications
4.1	None
5.0	Equality and good relations implications
5.1	This report has been equality screened to assess the likely impact on the promotion of equality of opportunity and good relations. No equality impact assessment is required at this time.
6.0	Rural Proofing implications
6.1	A rural needs impact assessment is not required at this time.
7.0	Appendices
	Appendix 1 – NMDDC Assurance Framework (including Code of Governance)
8.0	Background Documents
	None

Newry, Mourne and Down District Council

Assurance Framework



Comhairle Ceantair
an Iúir, Mhúrn
agus an Dúin
Newry, Mourne
and Down
District Council

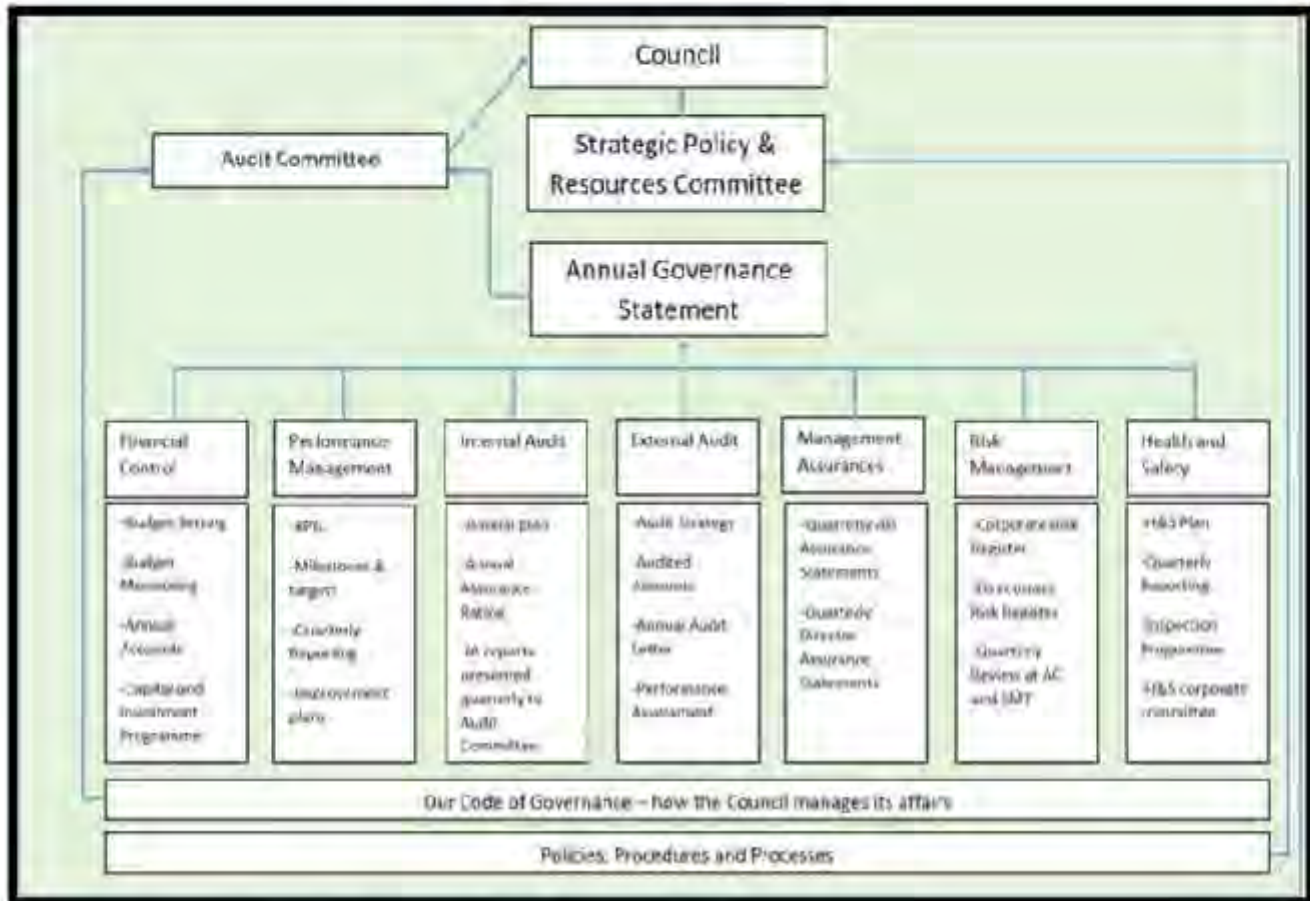
Effective Date: June 2019

Version 1.0

Policy Control

Policy Title	Assurance Framework
Departmental Ownership	Corporate Services
Document Owner	Dorinnia Carville, Director of Corporate Services
Officer Responsible	Gerard Byrne, Audit Services Manager
Date of Approval	Audit Committee - Council –
Date of Last update	June 2019
Updated by	Gerard Byrne, Audit Services Manager
Date of next Review	June 2020
Location where document is held and referenced	Shared Drive and NMDDC Website

Key Components of the Councils Assurance Framework



Description of Key Elements the Council's Assurance Framework

The diagram shows how different sources of assurance and related key elements / control measures combine to enable the Council to monitor its governance arrangements and produce the information which enables the Council to prepare their Annual Governance Statement. The diagram also shows how the Council's Audit Committee, the Strategic Policy and Resources Committee (SP&R) and Council provide oversight of these governance arrangements. The key elements of the framework are described below.

Financial Control

A Financial Report for the year ended 31 March is prepared annually and submitted to the Department for Communities by 30 June. The report is then audited by the Northern Ireland Audit Office (NIAO) and published by 30 September each year (after approval by Committee). There is a budgetary control process including budget setting, budget monitoring and budget reporting. Senior Management Team (SMT), Corporate Management Team (CMT) and Strategic Policy and Resources (SP&R) Committee challenge the process corporately when budgets are approved annually and performance is reported quarterly.

Standing Committees are also responsible for challenging and approving their annual budget and subsequently scrutinizing their budget performance at the end of each quarter in the following financial year.

Performance Management

The Council's performance management framework supports the implementation of the corporate and directorate plans through regular monitoring, reporting and review and, in future, will support monitoring / reporting on Community Planning outcomes. These plans set out what the Council intends to deliver over the course of the year and through the performance framework regular performance reports are produced detailing progress against key milestones and targets.

These reports are considered by Directorate Management Teams and the CMT and actions for improvement are agreed. These arrangements are also designed to ensure that the Council meets its statutory duties in relation to performance improvement and our performance and related plans are subject to annual NIAO audit.

Internal Audit

Internal auditing is an independent and objective assurance designed to add value and improve an the Council's operations. The Council has an Audit Services Manager, who liaises with the fully Independent specialist Auditing contractor who prepares an annual Strategy and Plan of work designed to ensure that:

- there is a robust system of internal audit of key Council activities and processes through a plan of work which affords suitable priority to the Council's objectives and risks
- there is a process of ensuring improvements to the Council's control environment, by providing management with advice, training and recommendations to improve risk management, governance and control arrangements, including the formal monitoring of the implementation of audit recommendations
- the specialist Auditing Contractor will be in a position to provide, at the end of each year, a professional, evidence-based opinion on the adequacy of the Council's risk management control and governance arrangements which, in turn, will support the preparation of the Council's Annual Governance Statement
- the Council meets its legislative responsibilities for internal control, risk management and internal audit

External Audit

Each year, the Local Government Auditor (LGA), the NIAO, completes an audit of the Council's accounts in accordance with legislation and the Local Government Code of Audit Practice issued by the Chief LGA. The LGA Annual Report sets out their opinion on the Council's financial statements and is included within the annual Financial Report.

The NIAO also examines annually whether the Council has proper arrangements in place to secure economy, efficiency and effectiveness in the use of resources and that public money is properly accounted for and undertakes an annual audit and assessment of the Council's performance improvement arrangements. Their findings are summarised in an Annual Audit Letter, a Performance audit report and a Report to those Charged with Governance.

Assurances from Management & Governance Statement

Each quarter, Assistant Directors provide their Director with a Quarterly Assurance Statement. The Directors in turn then prepare a quarterly assurance statements for the Chief Executive. The Assurance Statements confirms:

- Their responsibility for ensuring that there is a sound risk management and internal control system which supports the achievement of the corporate and directorate objectives.
- Compliance with the risk review process and outlining progress to manage key risks and highlight any significant governance issues that should be considered by SMT for inclusion within the Council's Annual Governance Statement.

Risk Management

There is an agreed risk management strategy which sets out the processes the Council has put in place to manage risk. Risk registers and risk action plans are in place at corporate, directorate and project level and are recorded on the corporate risk management system, GRACE Governance Solutions. There is reporting to CMT, SMT and the Audit Committee on risk management.

Health and Safety (H&S)

The Council has an H&S Policy in place with an associated Organisation Structure and Arrangements to deliver on the Policy. The Corporate Health and Safety Unit reports on a quarterly basis to a senior management H&S Assurance Board and then on to the Audit Assurance Board and Audit & Risk Panel on compliance and strategic matters regarding the Council's health and safety management system. Operational matters are dealt with through the quarterly H&S Committee structure. Routine reports include information on performance against health and safety targets, accident statistics, policy changes, legislative changes and emerging health and safety issues. The Corporate H&S Unit deliver an annual programme of health and safety inspections, audits and training to monitor and support the management system. Risk assessments are in place at an operational level to identify and manage health and safety risks.

Code of Governance

Underlying our Assurance Framework is our Code of Governance. The Council is committed to the principles of good governance and our Code of Governance is a public statement of that commitment. Our Code has been prepared in line with best practice and a summary is contained in the Annual Governance Statement, see appendix 1 for further detail.

Policies, procedures and processes

Policies, procedures and processes are designed to underpin day-to-day operations. All policies are controlled centrally by the Head of Corporate Policy.

Audit Committee

Its purpose is to provide an independent assurance on the adequacy of the Council's risk management framework and associated control environment.

Strategic Policy & Resources Committee (SP&R)

The SP&R Committee also oversees directly the financial management / stewardship of the Council.

Code of Governance

Appendix 1

Introduction

Governance arrangements in the public sector are keenly observed and sometimes criticised. We need to ensure that we meet the highest standards and that our governance arrangements are not only sound but are seen to be sound.

Governance is about how Newry, Mourne and Down District Council (NMDDC) ensures that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. It comprises the systems and processes, and cultures and values, by which Council is directed and controlled and through which it accounts to, engages with and, where appropriate, leads its community.

The CIPFA Solace 'Delivering Good Governance in Local Government: A Framework' was issued in April 2016 and represents best practice for developing and maintaining a local code of governance and applies to annual governance statements prepared for the 2018/19 financial year onwards.

NMDDC is committed to the principles of Good Governance and has developed this Code of Governance to demonstrate this commitment. This Code will be updated and approved by the Audit Committee on an annual basis.

The 7 Principles of Good Governance

Achieving the Intended Outcomes While Acting in the Public Interest at all Times



A. Behaving with integrity

- Shared values communicated via community plan, corporate plan and key strategies
- Mandatory Code of Conduct for Councillors
- NI charter for Elected Member Development
- Staff Code of conduct
- Council Constitution including Standing Orders, Financial Regulations and Scheme of Delegation
- Council Anti-Fraud Policies and Fraud Response Plan
- Council Whistleblowing Policy
- Gifts and Hospitality Policy
- Declarations of interest
- Conflicts of Interest Policy

B. Ensuring Openness

- Council and Committee meetings open to the public
- Council and Committee agendas and minutes displayed on the Council web site
- Consultation and engagement with staff and trade unions
- Annual financial report published on the Council's web site
- Access to Information Policy and Procedure
- Council Magazine, 'NMD Connect' published annually
- Community Plan and Local Development Plan

C. Defining Outcomes

- Community Plan 'Living well together'
- Corporate and Directorate Plans
- Leisure Transformation - Newry Leisure Centre and Down Leisure Centre Provision
- Organisational Development
- Tourism Development and Marketing Strategy
- Performance Improvement Plans
- Local Development Plan

D. Optimising the achievement of outcomes

- Corporate and Directorate plans
- Constitution
- Strategic financial planning
- Risk Management Policy

E. Developing Capacity and Capability

- Organisational Development
- Harmonisation of policies
- Development of a joint Employee Relations consultation and negotiating policy
- Elected Members Development Charter/Member Leadership Programme

F. Finance, Performance and Risk Management

- Financial Regulations
- Risk Management Policy
- Audit Committee
- Audit Services Manager who liaises with a fully independent outsourced Internal Audit firm
- Annual Internal Audit Strategy and Plan

- Data Protection policy and procedures
- Director and Assistant Director quarterly Assurance reporting
- Independent Audit Committee Chairperson

G. Transparency, Reporting and Effective Accountability

- NMDDC website
- Publication of key reports including Annual Accounts, Annual Governance Statement and Performance Improvement Report
- Committee support framework
- Monitoring of all Internal and External Audit recommendations and quarterly updates to the Audit Committee.

Compliance with the Code

This Code of Governance is supported by Policies, Procedures and Systems that determine and control how the Council manages its affairs. **Appendix B** provides more detail, demonstrating how the Council currently complies with the Code.

Monitoring and Review

Our governance arrangements are reviewed annually to ensure that they are adequate and operating effectively in practice. The results of these reviews are reported to the Audit Committee and inform the preparation of our Annual Governance Statement which forms part of our published financial report.

Internal Audit will undertake reviews of the Council's governance arrangements to ensure they are adequate and operating effectively in practice.

Our Principles – Behaving with Integrity – Demonstrating strong commitment to ethical values and maintaining our reputation	
Our Principles	How we measure our principles
A 1 Behaving with integrity	<ul style="list-style-type: none"> ➤ Mandatory Code of Conduct for Councillors – The NI code of Local Government Conduct for Members ➤ Code of conduct for NMDCC staff ➤ NI Charter for Elected Member Development ➤ Declarations of interest a standing agenda item for Council/Committee meetings ➤ Conflicts of Interest Policy ➤ Annual Mandatory declarations of interest to be completed by staff down to Head of Service grade. Voluntary declarations to be completed by other staff ➤ Council minutes include whether any declarations of interests have been made ➤ Fraud and Whistleblowing policies in place ➤ Gifts and Hospitality Policy with each Department maintaining a register (Director's secretaries record all declarations) ➤ Members approve the: <ul style="list-style-type: none"> • Constitution • Standing Orders and Financial Regulations • Codes of Conduct ➤ Members approval of the Community and Corporate Plans ➤ Scheme of Delegation ➤ Party Group Leaders Forum ➤ Members Training and Workshops ➤ Shared values communicated through the Community Plan, Corporate Plan and the Annual Performance Improvement Plan ➤ Open and transparent committee system and reporting
A 2 Demonstrating strong commitment to ethical values	<ul style="list-style-type: none"> ➤ Mandatory Code of Conduct for Councillors ➤ Register maintained of Members' declarations of interest ➤ Register maintained of Officers' declarations of interest ➤ Ethical requirements of Professional Standards ➤ Standing Orders ➤ Register maintained of Members' declarations of interest ➤ Ongoing monitoring and reporting through Internal Audit and Risk Management processes ➤ Systems and processes for financial administration ➤ Partners and Contractors required to comply with relevant policies ➤ Policies in place which demonstrate our commitment to ethical values includes: <ul style="list-style-type: none"> • Equality Scheme and Equality Action Plan

Core Principle 3: Benefiting with Integrity, demonstrating strong commitment to ethical values and respecting the rule of law	
Supporting Principles	How we meet these principles
A.3 Respecting the rule of law	<ul style="list-style-type: none"> Equality and Diversity Framework Good Relations Forum Disability Action Plan Data Protection Policy Robust Equality Screening process Letters of Offer issued with Grants Monitoring arrangements Procurement guidance and policy <p> Council Constitution Updated Financial Regulations Updated Standing Orders Register maintained of Members' declarations of interest Register maintained of Officer declarations of interest Operating Protocol for Planning Committee Council Anti-Fraud Policy and Fraud Response Plan Council Whistleblowing Policy Gifts and Hospitality Policy Qualified majority voting and Call-In process in accordance with the Local Government Act 2014 External expert legal and other professional advice sought when necessary. Fraud and Whistleblowing investigations undertaken HR Disciplinary processes. </p>



Supporting Principles	
B1: Openness	<p>How we meet these principles</p> <ul style="list-style-type: none"> ➤ Council meetings are open to the public and members of the media ➤ Council's web site provides up-to-date information regarding: <ul style="list-style-type: none"> ▪ Council activities ▪ Policies ▪ Reports issued ➤ Use of Social Media ➤ Council Magazine – 'NMD Connect' published annually ➤ Internal Communications issued via Chief Executives' briefs ➤ Consultation with stakeholders regarding the Community and Performance Improvement Plans ➤ Community Planning Process ➤ Corporate Complaints Procedure ➤ Customer Service Standards in Draft format – to be brought through Council Summer 2019. ➤ Council minutes are published on the website ➤ Standard pro forma for all Committee reports. ➤ Annual Performance Improvement Plan published on the web site. ➤ Categories for 'confidential business' for Committee reporting established ➤ Staff Consultations ➤ Access to Information Policy and Procedure
B2: Engaging comprehensively with institutional stakeholders	<ul style="list-style-type: none"> ➤ A co-ordinated and strategic approach to community engagement and involvement that enables partners to bring together their community engagement work and plans and connects Members, community and citizen engagement and partnership decision making ➤ Local Development Planning ➤ Community Planning Process ➤ Monthly Community Planning team meetings ➤ Community planning partnership meets 3 times per year ➤ Community Plan Statutory Partners ➤ Place Shaping Agenda ➤ Ongoing engagement with Trade Unions

B3: Engaging with individual citizens and service users effectively	<ul style="list-style-type: none"> ➤ Community Plan developed following consultation with Statutory Partners, stakeholders and the public ➤ Local Development Plan ➤ Annual Performance Improvement Plan
C1: Defining Outcomes	<ul style="list-style-type: none"> ➤ 'Living well Together' the Districts Community Plan 2017-2030 ➤ The Corporate Plan will be driven by priorities set out in the 'Living Well Together' Community Plan ➤ 2017/18 Performance Improvement Plan ➤ Corporate Planning Framework for the development of the 2019-2023 Corporate Plan ➤ Transformation programme being developed which will include detailed service reviews ➤ Treasury Management ➤ 4 year Capital Programme ➤ Prudential Financial Framework ➤ Local Development Plan ➤ 2017/18 Directorate Business Plans ➤ Sports Facilities Strategy Document 2017 ➤ NMDDC Tourism Strategy 2017-2022 ➤ Tourism Marketing Plan 2018-19 ➤ Tourism Experience Brochure
C2: Sustainable economic, social and environmental benefits	<ul style="list-style-type: none"> ➤ 'Living well Together' the Districts Community Plan 2017-2030 ➤ 2016/17 Performance Improvement Plan ➤ Local Development Plan ➤ New Corporate Plan will be driven by priorities set out in the Community Plan ➤ Corporate Planning Framework for the development of the 2019-2023 Corporate Plan ➤ Local Development Plan – Preferred Options Papers ➤ Risk Management processes ➤ Policy Officer ➤ Established processes for governance, management and administration of grants ➤ Equality Impact Assessments ➤ EQIA completed for all policies

an tair, mair agas an Dúin Newry, Mourne and Down District Council	
Strategic Priorities	Key Initiatives
D1. Determining interventions	<ul style="list-style-type: none"> ➤ Evidence and Research team support the Council in the development of a data and evidence based approach to support the creation of the Community Plan, Local Development Plan and key related strategies ➤ Ongoing consultation and engagement with the public, stakeholders and the community and voluntary sectors. ➤ Ongoing consultation and engagement with the public and key stakeholders ➤ Professional advice sought when required ➤ Transformation programme being developed which will include detailed service reviews
D2. Planning interventions	<ul style="list-style-type: none"> ➤ Planning processes encompassing Community, Corporate and Performance Improvement Plans ➤ Community Planning engagement framework completed through thematic groups via the DEA's ➤ Local Development Plan ➤ Strategic Planning Framework ➤ Directorate business plans ➤ Performance Improvement Plans including KPI's ➤ Risk Management processes ➤ Budgetary Control including a rolling 4 year capital plan ➤ Monthly Management accounts ➤ Financial planning ➤ Estimates process including Efficiency Working Group ➤ Performance Indicators ➤ Transformation programme being developed which will include detailed service reviews ➤ Medium term financial planning ➤ Financial management of capital programme ➤ Treasury Management Strategy and Prudential Indicators
D3. Optimising achievement of intended outcomes	<ul style="list-style-type: none"> ➤ Financial reporting ➤ Reporting to the Strategic Policy and Resources Committee ➤ Treasury Management ➤ Estimates Process ➤ Budgetary Reporting ➤ MRP Policy ➤ Estimates Process ➤ Council/Committee Reporting ➤ Community Plan ➤ Local Development Plan

Core Principal E: Developing the entity's capacity, including the capability of its leadership and the individuals within it		
Supporting Principles	How we meet these principles	
E1: Developing the entity's capacity	<ul style="list-style-type: none"> ➤ Organisational Development ➤ Transformation programme being developed which will include detailed service reviews ➤ Performance Improvement Plan ➤ NIAO Improvement Audits and Assessments of Councils 2017/18 ➤ Monitoring of the performance of the delivery of Council Improvement Objectives to ensure compliance with the performance improvement requirements of part 12 of the Local Government (NI) Act 2014 ➤ Directors and Assistant Directors quarterly assurance statements ➤ Community Plan Statutory Partners ➤ Service Level Agreements 	
E2: Developing the capability of the entity's leadership and other individuals	<ul style="list-style-type: none"> ➤ Group Party Leaders Meetings ➤ Induction, Training and Learning and Development Programme for Members ➤ Member Development Charter ➤ Scheme of Delegation ➤ Audit Committee undertake an annual self-assessment exercise against CIPFA standards ➤ Planning Scheme of Delegation ➤ CF Job Description/Specification and Appraisal Scheme ➤ Terms and conditions of employment ➤ Capacity building around the Code of Conduct ➤ Performance Improvement consultation ➤ Consultation on major Council strategies ➤ Performance Improvement Plan ➤ Directorate business plans ➤ Project Plans ➤ Corporate Management Team Meetings ➤ Continuing Professional Development ➤ Corporate Health & Safety ➤ Occupational Health Service including Westfield Health ➤ All staff have access to leisure facilities ➤ A number of posts related to improving health and wellbeing in the district (i.e. Exercise referral coordinator, GP referral coordinator, Macmillan move more coordinator and Age friendly Coordinator) 	



Core Principle F: Managing risks and performance through robust internal control and strong financial management

Supporting Principles **How we meet these principles**

F1: Managing risk

- Risk Management Policy
- Risk Management software system
- SMT update Corporate Risk Register quarterly and present to audit Committee
- Directorate risk registers updated bi-annually
- Director and Assistant Director Quarterly Assurance Statements

F2: Managing performance

- Annual NIAO Audit and Assessment Reports
- Annual Performance Improvement Plans
- Directorate business plans
- Agreed pro forma for Committee reports showing option appraisals and implications,
- Regular reporting of financial information to the SP&R committee
- Legal and professional advice obtained as necessary
- The SP&R and Audit Committee oversees and monitors performance management, processes, systems and related arrangements.
- The SP&R Committee oversees and monitors structures, governance arrangements and financial information.
- Performance Improvement updates
- Financial Management
- Risk Management processes and reporting
- Budgetary reporting

F3: Robust internal control

- Directorate Business Plans
- Risk Management Policy and processes
- Risk registers in place and linked to objectives
- Audit Services Manager in place who liaises with a fully independent internal audit firm
- Independent External Review of Internal Audit every 5 years.
- Internal Audit planning
- Risk based auditing
- Recommendation tracker to monitor all Internal Audit recommendations
- Council Fraud Policy and Fraud Response Plan
- Council Whistleblowing Policy
- Gifts and Hospitality Policy
- Directors and Assistant Director Quarterly Assurance Statements
- Annual Governance Statement
- Audit Committee with an independent Chairperson

Core Principle F: Managing risks and performance through robust internal control and strong financial management

Supporting Principles How we meet these principles

F4: Managing data

- Data Protection Policy
- Data Protection training
- IT Transformation Project underway
- Access controls in place on Council network
- Secure physical access to Council buildings and IT server rooms

F5: Strong public financial management

- Rates Estimates process
- Annual Budget setting process and Budgetary reporting systems
- Financial management detailed in Directorate Business Plans
- Prudential Framework
- Compliance with CIPFA's Code on a Prudential Framework for Local Authority Capital Finance and CIPFA's Treasury Management Code
- Transformation programme being developed which includes detailed service reviews
- All Committee reports include financial implications
- Financial Regulations

Core Principal G: Implementing good practices in transparency, reporting and audit to deliver effective accountability	
Supporting Principles	How we meet these principles
G1: Implementing good practice in transparency	<ul style="list-style-type: none"> ➤ Annual Financial Report published on the Council's website. ➤ The Financial Report and accounts are prepared in line with the Code of Practice on Local Authority Accounting the UK ➤ The Council web site provides the public with up to date information ➤ Standard Committee report template
G2: Implementing good practices in reporting	<ul style="list-style-type: none"> ➤ Annual Accounts published on the Council's web site ➤ Established timescale for submission and approval of annual accounts ➤ Performance improvement – Annual Audit and Assessment Reports ➤ Publication of statutory performance indicators in line with the Local Government (Northern Ireland) Act 2014 ➤ Annual Governance Statement reviewed by Chief Executive and published on Council's website ➤ Council Committees consider and approve reports which are ratified by full Council ➤ Review of Corporate Governance carried out by Internal Audit ➤ Service Level Agreements ➤ The Annual Accounts are prepared in line with the Code of Practice on Local Authority Accounting in the UK based on International Financial Reporting Standards and the Department of Communities Accounts Direction. ➤ Committee reports presented by Senior Officers
G3: Assurance and effective accountability	<ul style="list-style-type: none"> ➤ All NIAO recommendations are included on the recommendation tracker with updates reported to Audit Committee ➤ All NIAO (External Audit) reports presented to the Audit Committee ➤ Audit Services Manager in place who liaises with fully independent Internal Audit firm ➤ External audit completed by NIAO ➤ NIAO Proper Arrangements Audit ➤ Internal Audit annual review of effectiveness ➤ Community Planning Statutory Partners ➤ The Local Government (Community Planning Partners) Order (Northern Ireland) 2016 ➤ Service Level Agreements ➤ Contract Management ➤ Directorate Business Plans in place which contain key corporate actions, risk actions and performance indicators

Report to:	Audit Committee
Date of Meeting:	3 July 2019
Subject:	Corporate Risk Register
Reporting Officer (Including Job Title):	Dorinnia Carville, Director of Corporate Services
Contact Officer (Including Job Title):	Dorinnia Carville, Director of Corporate Services

Confirm how this Report should be treated by placing an x in either:-

For decision	For noting only	x
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1.0	Purpose and Background:
1.1	SMT completed a thorough review of the Corporate Risk Register on the 4 th June 2019. Updated Directorate Risk Registers along with year-end Assurance Statements were presented to SMT to inform the review of the Corporate Risk Register.
2.0	Key issues:
2.1	<p>Two new risks were added to the Corporate Risk Register.</p> <ul style="list-style-type: none"> • CR. 12 - If sickness absence is not kept to a minimum, this may affect the delivery of services, staff morale and lead to increased costs. The Council's level of sickness absence is currently the highest among the Council's in NI, this was highlighted in the Local Government Audit Report 2019. Management are highlighting this on the CRR to put in place actions to bring the average number of days down to an acceptable level. • CR. 10 - Lack of standardised T&Cs of employment leading to the failure to transform services and could impact on current service delivery. This risk has been included to track the progress of the actions which the Working Group has put forward. This risk replaces the previous risk CR. 10 (Risk of industrial relations deteriorating as we go through a period of change which could potentially lead to industrial action and a disruption to services). Management felt that the position with Trade Unions has improved and therefore the focus should be on prioritising the standardisation of T&Cs. <p>Numerous minor changes were made including new actions, updating the progress of actions and new detail included within certain risks. These can be evidenced on the Corporate Risk Register attached.</p> <p>The Audit Services Manager updated all 4 Directorate Risk Registers in May 2019.</p> <p>The year end Assurance Statements from Directors were presented to SMT on the 4th June 2019.</p>

3.0	Recommendations:
3.1	For consideration by the Audit Committee on a quarterly basis.
4.0	Resource implications
4.1	None.
5.0	Equality and good relations implications
5.1	This report has been equality screened to assess the likely impact on the promotion of equality of opportunity and good relations. No equality impact assessment is required at this time.
6.0	Rural Proofing Implications
6.1	A rural needs impact assessment is not required at this time.
7.0	Appendices Appendix 1 – Corporate Risk Register Cover Sheet – July 2019 Appendix 2 – Corporate Risk Register – July 2019
8.0	Background Documents None

Action Plans

Asset Management Strategy	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
SIF Projects	To identify surplus assets to sell and use sale proceeds to assist funding in the capital programme.	In Progress	Dorinnia Carville	30/09/2019	In Progress - All surplus land assets have been identified, the list of surplus assets were brought to the SPWG on 14 January 2019 for members to make a decision on the future of these surplus assets. It was agreed to dispose of 17 surplus land assets (some now included within the public (raw)) and further research to be carried out on the remaining assets for alternative uses.
	Implement Sufficient cost and change control measures so projects are delivered within budget. The project board will continue to meet as and when required to update project risk register	In Progress	Michael Lipsett	30/09/2019	Risk registers now in place, one for each project The issues with the Kilcooley pitch have now been sorted by Ards Council. Business case now awaiting approval by the Executive Office and then planning permission will be sought The tenders are being returned for the Ballynoman site in April 2019. The chosen site in Downpatrick has unsuitable ground conditions and SIF have now decided that the site is not financially viable. This site no longer going ahead.

Risk CR.02 - Breach of legislation in relation to the procurement of goods and services and works

Risk	Consequence				Probability		Risk Categories	Risk Description	Potential Root Cause	Consequence	Risk Owners	Gross/inherent Risk	Residual Risk	Target Risk Level	Last Review	Next Review	Risk Appetite
	5	4	3	2	1												
							Financial Impact on individuals (staff or public) Quality of Service Statutory Duty (Legal/Regulatory)	Breach of legislation in relation to the procurement of goods and services and works	Lack of awareness of legislation Lack of compliance to Council procurement policy Lack of training of staff Lack of a comprehensive policy for the new Council	Negative PR Financial Loss to the Council Litigation	Corrinia Canville	Red 20	Amber 12	Yellow 8	01/06/2019	30/08/2019	Risk Averse

Objectives

8. Transform and modernise the Council, providing accessible as well as value for money services

Key Controls Identified

1. Procurement team
2. Financial regulations and procurement policy in place
3. Use of regional and national frameworks
4. Specialist legal advice available
5. Single Tender Actions list
6. Procurement training rolled out to all relevant staff based on expenditure level

Action Plans

Action Plans	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Contracts Management	Training to be rolled out to relevant staff on the best practice Audit with regards to contract management.	Recommendation on Audit	Ken Montgomery	30/11/2019	HR to target relevant staff and a training schedule to be devised.
Contracts Register	Development of a Council contracts register, this should be maintained and reviewed by the procurement team.	Recommendation on Audit	Ken Montgomery	30/10/2019	Currently legacy contracts are being analysed to see where contracts can be merged to achieve economies of scale. Two members of staff have been recruited on a temporary basis (June 2019) to progress urgent contract which need procured.

Risk CR. 03 - Non-compliance with legislative requirements

Risk	Probability				
	1	2	3	4	5
5					
4					
3					
2					
1					

Risk Categories	Business operational/reputational Impact on individuals (staff or public) Statutory Duty (Legal/Regulatory)
Risk Description	Failure to have the necessary policies and procedures in place with staff adequately trained in comply with the necessary legislation.
Potential Root Cause	Failure to understand legal requirements in relation to H&S & Information Management (GDPR) Lack of resources Untrained staff
Consequence	Non-compliance leading to prosecution Reputational Damage Reduced trust and public confidence Increased number of complaints and queries
Risk Owners	Corinna Canille, Michael Libsett, Roland Moore
Gross/inherent Risk	Red 25
Residual Risk	Yellow 9
Target Risk Level	Green 6
Last Review	01/06/2019
Next Review	30/08/2019
Risk Appetite	Risk Averse

Objectives

3. Supported improved health and wellbeing outcomes
4. Protect our natural and built environment
8. Transform and modernise the Council, providing accessible as well as value for money services

Key Controls Identified

1. Policies and procedures in place
2. Dedicated skilled teams in place for:
-Health and Safety
-HR
3. Health and Safety Committees in place and ongoing programme of training in place
4. Access to information policy approved in June 2019.

Action Plans

GDPR	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
GDPR	Audit of Council information to ensure Council meets its objectives under GDPR and PRONI guidance	In Progress	Alison Robb	30/09/2019	Year end actuals will be reported in the Corporate Services Annual Business Plan return
					A detailed audit of information will inform the annual retention and disposal reviews, a corporate records management policy, training for staff and elected members and policies relating to FOI/DP and the environmental information regulations. A Records Manager was appointed in March 2019, building on the specialist audit completed, the information gathered will present a gap analysis which will help inform future policy direction and support business planning.

Action Plans

Action Plans	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Long term strategic plan	Implementation of long term strategic plan to ensure we manage our wastes to ensure statutory compliance.	In Progress	Roland Moore	31/03/2020	The LT strategic plan refers to the Councils 9 point plan. Each of these 9 points has a separate action and target date. This is to be reviewed as part of the waste management plan below.
Neighbourhood Services Transformation Project	The Neighbourhood Services Transformation project will aim to make efficiencies within NS while still maintaining the level of service.	In Progress	Roland Moore	30/06/2019	A project manager was appointed in January 2019. A project initiation document defining objectives of the programme will be brought to the Neighbourhood Services Transformation Working Group in September 2019. Membership of the NSTWG will be finalised in June 2019.
Waste Management Action Plan	The waste management action plan is organised by ARC 21 on behalf of the 6 participating Councils. The Council will have to feed into and approve ARC 21s Waste Management Plan.	In Progress	Roland Moore	31/03/2020	ARC 21 waste management action plan is due to be updated (consultants have been appointed). Once this is finalised NMDDC will have to approve the Waste Management Action Plan.

Action Plans

Action Plans	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Backlog cases	Implement action plan to reduce backlog in line with timeline set	In Progress	Anthony McKay	31/12/2019	The number of live applications at 17 May 2019 was 1223. The target of 750 live applications remains. Management are giving consideration to other mechanisms to reduce the backlog of cases.
Delivery of a new Development Plan	To progress the local development plan in line with agreed timetable.	In Progress	Anthony McKay	30/09/2019	The Council has concluded Stage 1 of the process with production of, and consultation on, the Preferred Options Paper. Work has commenced on Stage 2 The Plan Strategy, to be concluded by the end of 2020. Time table has been revised and agreed with the Department and Council. A specialist is to be procured to enable delivery of the plan.
IT infrastructure	Upgrade of technical IT infrastructure (EPIC Replacement)	In Progress	Anthony McKay	30/09/2019	Council has agreed to the procurement of a replacement planning computer system, in a joint arrangement with the other 10 Councils and DfL. The joint procurement exercise is to be complete by December 2019 and the new system to be operational by 2022. An STA is in place for the current software to December 2019.

Action Plans

Action Plans	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
IT Disaster Recovery/Business Continuity Plans	Identify and address gaps in IT Disaster Recovery/Business Continuity Plans and increase resilience of legacy IT systems until IT Strategy is fully implemented. Recommendation coming from 2017/18 Internal audit plus controls which IT section want implemented.	In Progress	Gavin Ringland	30/11/2019	A number of audits and assessments have taken place, with actions ongoing to address recommendations. 50% of Disaster recovery recommendations have now been implemented, and IT Departments working through the remaining actions. Emails now being stored on the cloud which was the most significant action 1. WAN/LAN at implementation phase. Expected completion date 31 July 2019.
IT Strategy (1)	In order to implement the Councils IT strategy, Council have to procure and implement the infrastructure projects in order to stabilize the IT platform.	In Progress	Gavin Ringland	31/07/2019	
IT Strategy (2)	Procure and implement the 'fundamental' transformation program identified as a priority	In Progress	Gavin Ringland	31/08/2019	Email/Fixed Telephony at implementation stage. Expected completion for telephony is 31 August 2019 (contractor dispute holding this back). Email system now completed. Contract awarded in April 2019. Supplier was procured as a framework for NI Local Councils. WIFI installation is dependent on the completion of the telephony system.
IT Strategy 3	Council Wifi Project to be implemented	In Progress	Gavin Ringland	31/08/2019	

Risk CR. 07 - Failure to develop a transformational programme of organisational change that addresses Local Government Reform and delivers efficiencies and improvement

Consequence	Probability				
	5	4	3	2	1
5					
4					
3					
2					
1					

Risk Categories	Business operational/reputational Financial Impact on individuals (staff or public) Quality of Service
Risk Description	Failure to develop a transformational programme of organisational change that addresses Local Government Reform and delivers efficiencies and improvement, as well as supporting the realisation of the strategic outcomes of the Community and Corporate Plans.
Potential Root Cause	<ul style="list-style-type: none"> - The requirement to transform the Council is a direct consequence of the merger of the two predecessor Councils arising from LGR and will support the realisation of organisational improvement and efficiencies. - The Council has not defined the business changes it wants from transformation to support investment in new IT and the resolution of fundamental business differences arising from legacy arrangements (i.e. T&Cs) - Corporate efficiency projects and other improvement activities are not currently joined-up with wider transformational activity - The Council is currently unable to track the realisation of benefits (financial or non-financial) arising from investment in new IT systems (i.e. Legend) - A lack of corporate capacity currently exists to support transformational activity

Consequence

- We are not fundamentally addressing the merger (aka LGR) leading to reputational damage
- The budget situation will continue to get worse (salaries & wages) therefore not providing VFM
- Our ability to provide citizens / customers with the services they require will be significantly constrained
- We will potentially lag behind other Councils & other public sector organisations

Risk Owners

Gross/inherent Risk	Liam Hannaway	Last Review	04/06/2019
Residual Risk	Red 20	Next Review	30/08/2019
Target Risk Level	Yellow 9	Risk Appetite	Risk Neutral
	Amber 12		

Objectives

8. Transform and modernise the Council, providing accessible as well as value for money services

Key Controls Identified

- CMT have been tasked with delivering transformational activities
- IT Project Group in place and meets monthly
- SMT will have an oversight of all transformational activities
- Specialist independent IT consultants have been tasked with implementing the IT strategy
- ToM document produced and approved by SMT

Action Plans

Action Plan Description		Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Develop and implement controls for tracking the realisation of business benefits.	Develop and implement controls for tracking implementation and results	In Progress	Jonathan McGilly	30/11/2019	Working groups established for IT and NS projects
Develop, Plan and Implement a programme of transformational (business and IT) change that aligns all business and IT) change that aligns all improvement / Efficiency activity across the Council.	Develop, Plan and Implement a programme of transformational (business and IT) change that aligns all improvement / Efficiency activity across the Council.	In Progress	Jonathan McGilly	31/08/2019	Working groups reporting back to CMT/SMT in July 2019. A report will then be brought to Efficiency working Group on the proposed plan for the year ahead.
Embedding Organisational Design	Complete tier 5 of the organisation structure	In Progress	Carina Miskelly	30/11/2019	In Progress

Risk CR. 09 - Failure to implement an economic development programme to regenerate the district and attract inward investment due to financial uncertainties caused by the current economic and political climate

Consequence	Probability					Risk Categories	
	5	4	3	2	1	Quality of Service	
	5	4	3	2	1	Impact on Individuals (staff or public)	
						Risk Description	
						Potential Root Cause	
						Consequence	
						Risk Owners	
						Gross/inherent Risk	
						Residual Risk	
						Target Risk Level	
						Last Review	
						Next Review	
						Risk Appetite	

Objectives

2. Attracted Investment and supported the creation of new jobs.
5. Lead the regeneration of our urban and rural area

Key Controls Identified

1. Economic development and investment strategy in place
2. Establishment of Economic Forum including public and private sector stakeholder
3. Rural Development Programme in place
4. Engagement with other Councils, other Departments, NILGA and the Private Sector through the Chamber of Commerce
5. Brexit Task and Finish Working Group Risk Matrix and Risk Register

Action Plans

	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Brexit	Continue to closely monitor effects of Brexit on on-going funding	In Progress	Liam Hannaway	31/08/2019	Various initiatives ongoing including day one preparedness
City Deals	Actively engage in Belfast Region City Deals process planning	In Progress	Jonathan McGilly Liam Hannaway	30/09/2019	Head of Terms have been signed, Governance Arrangements and Working groups being set up.
Local Full Fibre Network (LFFN)	Local Full Fibre Network to improve connectivity across all of Northern Ireland.	In Progress	Maria Ward	31/03/2020	Phase one of the project has to be delivered by March 2020 - £15m funding has been secured for phase 1.

Risk **CR. 10. Lack of standardised T&Cs of employment leading to the failure to transform services and could impact on current service delivery**

Consequence	Probability					Risk Categories	Risk Description	Potential Root Cause	Consequence	Risk Owners	Gross/inherent Risk	Residual Risk	Target Risk Level	Last Review	Next Review	Risk Appetite
	5	4	3	2	1											
5						Business operational/reputational Financial Impact on individuals (staff or public) Quality of Service	Lack of standardised T&Cs of employment leading to the failure to transform services and could impact on current service delivery	A range of different T&Cs operate across the organisation Culture changes between the two legacy councils Lack of completed structure Resistance to change	Industrial action Reputational damage to the Council Low staff morale Increased sickness absence Poor service delivery and VFM	Dorinda Carville, Liam Hammarway	Red 20	Amber 16	Yellow 8	04/06/2019	30/08/2019	Risk Averse

Objectives

- 6. Advocate on your behalf specifically in relation to those issues which matter to you
- 8. Transform and modernise the Council, providing accessibility as well as value for money services

Key Controls Identified

- CMT working group established to examine positions and make recommendations
- Full time release of 2 permanent members of staff to the Trade Union coordinators with agreed terms of references
- Increased capacity in HR
- Joint (Management and Trade Union side) internal working group established with agreed TOR
- Negotiating Forum established between management and trade union sides (LCNF)
- Regular reporting to CMT
- Working Group established for consultation on key people policies for the new organisation – being facilitated by LRA

Action Plans

Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Policy Alignment for NMDCC - phase 1	In Progress	Carina Miskelly	30/09/2019	Completed in June 2018 with the exception of absence management procedures
Policy alignment for NMDCC - phase 2	Proposed	Carina Miskelly	30/11/2019	Phase 2 to commence in November 2019.
Preferred Contractual Arrangements	In Progress	Corinna Carville Roland Moore	31/03/2020	Working group established with representation from Management and Trade Union side.

Risk **CR. 11 Accidents/injuries may occur if health and safety of service users and staff is not considered, with a focus on Fire Risk Assessments**

Consequence	Probability				
	1	2	3	4	5
5		T	R	R	
4					
3					
2					
1					

Risk Categories	Buildings / Engineering / Environmental Business operational/reputational Impact on individuals (staff or public) Statutory Duty (Legal/Regulatory) Accidents/injuries may occur if health and safety of service users and staff is not considered, with a focus on fire risk assessments and their associated actions Lack of H&S Planning Training inadequacies Lack of responsibility - public negligence Unforeseen event Absence of or ineffective operational procedures / policies / systems or processes Fire Risk Assessments of Council Buildings not be undertaken Actions from Fire Risk Assessments not being implemented
Risk Description	
Potential Root Cause	
Consequence	Injury/death to staff or public Damage to Council reputation Loss of income Personal liability/Corporate Manslaughter Litigation - Civil/Criminal Increased insurance premiums
Risk Owners	Dorinda Cerville
Gross/inherent Risk	Red 20
Residual Risk	Amber 15
Target Risk Level	Yellow 10
Last Review	04/06/2019
Next Review	30/08/2019
Risk Appetite	Risk Averse

Objectives

8. Transform and modernise the Council, providing accessible as well as value for money services

Key Controls Identified

- Compliance reporting to SMT and H&S Committees
- Corporate H&S Policy
- Dedicated H&S unit
- H&S induction for all new starts
- H&S training needs assessments and training delivery

Action Plans

Action Plans	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Actions from Fire Risk Assessment Audits	The actions from the Fire Risk Assessments which have been completed need to be actioned as soon as possible for all Council properties by the Facilities Management and Maintenance Department.	In Progress	Kevin Scullion	30/09/2019	Issue discussed at Corporate H&S Meeting on 10th January 2019. Compliance with Fire Risk actions identified as one of top 5 priorities. Building Maintenance Department have develop a pro forma form for completion by Facility Managers to raise building maintenance request associated with Fire Risk Assessments.
Fire Risk Assessment Audit	Estates are due to complete an audit of Fire Risk Assessments which have been completed.	In Progress	Conor Mallon	30/09/2019	Estates have began the process, however there was limited evidence of recommendations being actioned successfully. This will be completed once actions are progressed.
Fire Risk Assessment Pro Forma	A fire risk assessment pro forma has been developed by the Head of Building Maintenance. This has been sent out to all facilities manager for them to complete. Facilities Managers have to note which of the FRA recommendations they need building maintenance to action.	In Progress	Kevin Scullion	30/09/2019	Report provided to Corporate H&S Meeting held on 11th April 2019. Pro forma form has been developed and is being trialled in legacy NMDC area. K Scullion to meet with Assistant Directors to agree who is responsible for arranging completion of recommendations on FRA.
Health and Safety Policy	Review of the current Health and Safety Policy to ensure it complies with best practice and it is fit for purpose.	In Progress	Conor Mallon	31/12/2019	The H&S policy will be updated and a new H&S management system will be developed.

Risk **CR. 12 - If sickness absence is not kept to a minimum, this may affect the delivery of services, staff morale and lead to increased costs**

5					
4					
3					
2					
1					

Consequence

Risk Categories

Business operational/reputational
Financial
Impact on individuals (staff or public)
Quality of Service

Risk Description

Potential Root Cause
If sickness absence is not kept to a minimum, this may affect the delivery of services, staff morale and lead to increased costs
Period of change
Currently working to 6 absence management policies - may have and issue with consistency across the organisation
Stress

Consequence

Low Staff morale
Lower Customer satisfaction due to an impact on service delivery
Increased in overtime level
Increase in the use of agency staff
Reputation issues

Probability

Risk Owners

Dorinda Carville, Liam Hamway

Gross/inherent Risk

Red 20

Last Review 04/16/2019

Residual Risk

Amber 18

Next Review 30/08/2019

Target Risk Level

Yellow 9

Risk Appetite Risk Neutral

Objectives

8. Transform and modernise the Council, providing accessible as well as value for money services

Key Controls Identified

- Absence Management figures regularly reported to CMT/SMT
- Employee Assistance scheme in place including counselling service
- Health and Well-being group in place
- Internal Audit focusing on Absence Management - April 2019 - Satisfactory Assurance rating
- Legacy absence management policies are in place
- Occupational health referrals and workplace health initiatives
- PAMS HR Management System
- Return to work meetings

Action Plans

Action Plan Description		Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Implementation of Internal Audit recommendation is	Internal Audit carried out a review on 'HR Management - policies and procedures' in April 2019. The terms of reference focus on absence management	Audit Recommendation on	Carina Miskelly	30/09/2019	Although the audit received a satisfactory level of assurance, there were some recommendations. HR staff to action this prior to September 2019.
Introduction of a Managing Attendance Procedure for all Council staff	Managing Attendance Procedure to become effective for all in Progress Council staff. This will replace the 6 legacy absence management policies which are currently in operation.		Carina Miskelly	30/09/2019	Management are currently negotiation with Trade Unions about a single absence management policy becoming effective.

NIMDDC - Corporate Risk Register Cover Sheet

Risk	Description	Risk Owner/s	Gross Risk Score	Previous Residual Risk Score	Revised Residual Risk Score	Reason for change in Residual Score
CR01	Failure to deliver the capital investment programme for the District	Dorinnia Carville and Michael Lipsett	18	9	9	9/no change
CR02	Breach of legislation in relation to the procurement of goods and services and works	Dorinnia Carville	12	12	12	12/no change
CR03	Non-compliance with legislative requirements	Michael Lipsett and Dorinnia Carville	9	9	9	9/no change
CR04	Failure to effectively manage waste	Roland Moore	12	12	12	12/no change
CR05	Failure to provide timely planning decisions	Marie Ward	16	16	16	16/no change
CR06	IT Services do not support the Statutory, Strategic or Operational requirements of Council	Dorinnia Carville	16	16	16	16/no change
CR07	Failure to develop a transformational programme of organisational change that addresses Local Government Reform and delivers efficiencies and improvement	Liam Hannaway	9	9	9	9/no change
CR08	Failure to adequately react to a major incident which would minimise any negative consequences/impact	Dorinnia Carville	12	12	12	12/no change
CR09	Failure to implement an economic development programme to regenerate the district and attract inward investment due to financial uncertainties caused by the current economic and political climate	Liam Hannaway and Marie Ward	18	18	18	18/no change
CR10	Risk of industrial relations deteriorating as we go through a period of change which could potentially lead to industrial action and a disruption to services	Liam Hannaway and Dorinnia Carville	20	16	16	Risk Removed - Management felt that the position with Trade Unions has improved and therefore the focus should be on reprioritising the standardisation of T&Cs - see below.
CR10	Lack of standardised T&Cs of employment leading to the failure to transform services and could impact on current service delivery	Liam Hannaway and Dorinnia Carville	n/a	n/a	16	New Risk - Replaces previous risk. Council focus is on standardising T&Cs across the Council, new controls and actions also included.
CR11	Accidents/injuries may occur if health and safety of service users and staff is not considered, with a particular focus on Fire Risk Assessments	Dorinnia Carville	14	15	15	15/no change
CR12	If sickness absence is not kept to a minimum, this may affect the delivery of services, staff morale and lead to increased costs	Dorinnia Carville	14	n/a	16	New risk - action in place to bring average number of sick day down to an acceptable level

Risk Assessment Matrix			PROBABILITY				
		Score	Fair	Unlikely	Possible	Likely	V. Likely
			1	2	3	4	5
	CONSEQUENCES						
	Fundamental	5	5	10	15	20	25
	Major	4	4	8	12	16	20
	Moderate	3	3	6	9	12	15
	Minor	2	2	4	6	8	10
	Not significant	1	1	2	3	4	5

		Risk Types, with associated impacts						
		Impact on individuals) – staff or public	Statutory Duty	Business / Operational	Buildings/ Environmental	Engineering	Quality of Service	Finance
Consequence	Score							
Fundamental	5	• Death	• Multiple breach of statutory legislation and prosecution	• Litigation - £500k expected	• Critical Environmental impact	• Severe impact on customer satisfaction	• Significant financial impact (over 5% of total directorate budget)	• Theft / loss >£250k
				• National Media interest	• Service closed for unacceptable period	• Gross failure to meet professional / national standards		
Major	4	• Major injury to health (non-fatal)	• Multiple breach of statutory legislation and improvement notice issued	• Litigation - £250k to -£500k expected	• Major/significant environmental impact	• Major impact on customer satisfaction	• Major financial impact (between 2% - 5% of total directorate budget)	• Theft / loss between £100k - £250k
		• Major occupational member		• Adverse publicity	• Severe disruption to service	• Failure to meet professional / national standards		
		• Permanent incapacity		• Impact on reputation				
Moderate	3	• Temporary incapacity	• Single breach of statutory legislation and improvement notice issued	• Litigation - £50k - -£250k expected	• Moderate environmental impact	• Formal complaint expected	• Moderate financial impact (between 1% and 2% of total directorate budget)	• Theft / loss between £50k - £100k
		• Short term monitoring		• Potential for adverse publicity, exacerbated with sensitive handling	• Moderate disruption to service	• Failure to meet internal standard		
		• Additional medical treatment up to 1 year		• Potential for impact on reputation				
Minor	2	• First Aid treatments	• Breach of statutory legislation	• Litigation - £50k	• Localised environmental impact	• Minor complaint	• Minor financial impact (up to 1% of total directorate budget)	• Theft / loss between £1 - £50k
		• Minor injury		• Impact on reputation – minimal awareness	• Disruption to service perceived as inconvenient	• Single failure to meet internal standard		
		• Minor illness up to 1 month						
		• Near miss (usual matters)						
Not significant	1	• Near miss (single)	• Near breach of statutory legislation	• Possible litigation due to negligent - £5k	• Minimal impact to environment	• Customer initially unhappy		
		• No adverse outcome	• Minor breach of guidance or legislation		• Minimal disruption	• Minor non-compliance with internal standard		
		• No injury or ill-health						

Likelihood of Event or Incident occurring		
Likelihood Descriptor	Score	Probability / Likelihood (of event or incident occurring over lifetime of Corporate Plan)
Almost Certain	5	• The event is more likely than not to occur.
Likely	4	• The event is likely to occur.
Possible	3	• There is a reasonable chance of the event occurring.
Unlikely	2	• The event is unlikely to occur.
Rare	1	• The event will occur only in exceptional circumstances.

Report to:	Audit Committee
Date of Meeting:	3 July 2019
Subject:	Fraud and Whistleblowing
Reporting Officer (Including Job Title):	Gerard Byrne, Audit Services Manager
Contact Officer (Including Job Title):	Gerard Byrne, Audit Services Manager

Confirm how this Report should be treated by placing an x in either:-

For decision	For noting only	x
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1.0	Purpose and Background:
1.1	<ul style="list-style-type: none"> To Notify the Audit Committee of any suspected Fraud and Whistleblowing cases since the last meeting until the 28 June 2019. To Notify the Audit Committee of any developments from previous Fraud and Whistleblowing Cases since the last meeting until 28 June 2019.
2.0	Key issues:
2.1	<ul style="list-style-type: none"> There have been no new cases since the last Audit Committee. The 2018/19 NFI exercise has commenced. Council uploaded the required data to Treasury in October 2018. The matches report has now been released. In total Council has 758 matches with 19 high priority (306 in 2016/17 with 26 high priority). All high priority matches will be reviewed plus all matches which have a risk score of 75% or above (in line with best practice and what other Councils are sampling). Audit Services Manager is currently working with Payroll, Accounts Payable and Procurement teams to complete the matches investigation work. The results of the matches investigation work will be reported to the September Committee.
3.0	Recommendations:
3.1	Fraud and Whistleblowing cases for consideration by the Audit Committee on a quarterly basis.
4.0	Resource implications
4.1	None
5.0	Equality and good relations implications
5.1	This report has been equality screened to assess the likely impact on the promotion of equality of opportunity and good relations. No equality impact assessment is required at this time.
6.0	Rural Proofing implications

6.1	A rural needs impact assessment is not required at this time.
7.0	Appendices
	Appendix 1 – Summary Fraud and Whistleblowing register
8.0	Background Documents None

Summary Fraud/Whistleblowing Register – 2019/20 Financial Year

Reference no.	Directorate	Sender / Notifier	Brief Summary	Latest update	Date Audit Services Manager was Informed	Date Audit Committee was Informed
WB 16	ERT	Anonymous letter to Councillors	Allegation that the members of the planning department acted favourably to an applicant.	I am content that all the necessary consultations were completed by the Planning Department with third parties to allow the Planning Officers to arrive at their decision. Case closed.	20/06/2018	05/08/2018
WB 17	ERT	Member of the Public	Allegations into breaches of policy by planning officers	Investigation underway. This is a legacy case when the Planning function was operating under DOE control. The planning file referred to is no longer a live case. Further information requested.	27/08/2018	20/09/2018

Report to:	Audit Committee
Date of Meeting:	3 July 2019
Subject:	DAC / STA Register
Reporting Officer (Including Job Title):	Gerard Byrne, Audit Services Manager
Contact Officer (Including Job Title):	David Barter, Procurement Manager

Confirm how this Report should be treated by placing an x in either:-

For decision	For noting only	x
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1.0	Purpose and Background:
1.1	<p>Direct Award Contracts (DAC's) or Single Tender Actions (STA's) occur when any partly or fully funded contract is awarded to a contractor/supplier without a competition, or where there is a material change to an existing contract.</p> <p>It is considered best practice to bring DACs / STAs to the attention of the Audit Committee.</p>
2.0	Key issues:
2.1	In the first quarter of the 2019/20 financial year, the Council awarded 16 contracts by way of Direct Award (with a value greater than £5k). The total value of these contracts was £244,610.
3.0	Recommendations:
3.1	For noting by the Audit Committee.
4.0	Resource implications
4.1	None
5.0	Equality and good relations implications
5.1	This report has been equality screened to assess the likely impact on the promotion of equality of opportunity and good relations. No equality impact assessment is required at this time.
6.0	Rural Proofing implications
6.1	A rural needs impact assessment is not required at this time.
7.0	Appendices
	Appendix 1: STA Report - 1 st Quarter 2019/20
8.0	Background Documents
	None

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Report from 1 Apr 2019 - 31 March 20

1st Quarter										
Ref.	Date	Product	STA Total Price	Reasoning Provided	Company	Requisitioner	PO Number	PO Total Price	Authoriser	
April - June										
1	###	Supply of Christmas Illuminations	£29,856.00	Purchase of ex hire Xmas decorations. Current Council stock needed updated. Purchasing ex hire items was much more cost effective than purchasing new. Approved at Council in May 2018.	AJC Limited	Kevin Scullion	143093	29,856.00	Roland Moore	
2	###	Minute Pad Committee Management System	£11,270.00	Extension of existing service. Annual recurring hosting and maintenance costs.	Decision Time	Sarah Louise Taggart	143314	11,270.00	Dorinnia Carville	
3	###	Maintenance of existing CCTV provision	£26,435.00	SMT approval (November 2018) to utilise VIS for CCTV maintenance until new contract is in place.	VIS Security Solutions Ltd	Olga Kittle	143803	350.00	Roland Moore	
4	###	Waste transport 1 April to 1 July - Drumeckelly to Regen	£33,000.00	A procurement exercise to transfer these wastes after the 1 July is currently being undertaken by Arc21 on behalf of Council.	Natural World Products	Liam Dinsmore	144143	25,000.00	Roland Moore	
5	###	Chairman's Charity Walk	£7,000.00	Supplier has the knowledge of devising a suitable walking route. They will provide all necessary resources and first aid equipment.	Life Adventure Co	Patricia McKeever	144288	7,000.00	Liam Hannaway	
6	###	NI Golf Convention & FAM Trip Dinner	£5,000.00	The event was organised by TourismNI. The supplier was seen as the most suitable venue. Budget was approved at ERT committee in August 2018.	Slieve Donard Resort & Spa	Tracey Mooney	144607	5,000.00	Marie Ward	
7	###	Translink transport Festival of Flight	£5,900.00	Provision of park and ride facility at the event on 22 June 2019. Sole supplier with access to wheelchair friendly buses and providing more buses at peak times.	Translink	Laura Savage	145079	5,900.00	Marie Ward	
8	###	Annual Support for the PAMs and GetGut HR systems 2019/20. Supplier is the only provider.	£11,502.00	Annual support for the PAMs and GetGut HR systems 2019/20. Supplier is the only provider.	Hallmark Solutions	Nicole Fitzpatrick Mackin	145182	11,502.00	Dorinnia Carville	
9	###	Annual Support for the PAMs and GetGut HR systems 2019/20. Supplier is the only provider.	£5,004.00	Unique Artistic Performance.	The Blades	Nicole Fitzpatrick Mackin	145377	6,004.00	Marie Ward	
10	###	Wing Walkers to perform in FoF 2019 Airshow	£5,720.00	Unique Artistic Performance.	Acrosuperbatics Ltd	Nicole Fitzpatrick Mackin	145376	5,720.00	Marie Ward	
11	###	The Global Stars to perform in FoF 2019 Airshow	£6,400.00	Unique Artistic Performance.	Airdisplays.com Ltd	Nicole Fitzpatrick Mackin	145375	6,400.00	Marie Ward	

Report to:	Audit Committee
Date of Meeting:	3 July 2019
Subject:	Update on Audit Recommendations
Reporting Officer (Including Job Title):	Gerard Byrne, Audit Services Manager
Contact Officer (Including Job Title):	Gerard Byrne, Audit Services Manager

Confirm how this Report should be treated by placing an x in either:-

For decision	For noting only	x
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1.0	Purpose and Background:																																			
1.1	<p>At the Audit Committee meeting of 27 April 2017, it was agreed that the Audit Committee would concentrate on monitoring internal audit recommendations which have been made since NMDDC has formed. Therefore the detail below relates to recommendations realised in the 2015-16 and the 2016-17 financial years.</p> <p>At the Audit Committee on the 26 September 2017, it was agreed that the Audit Committee would also review an update on NIAO recommendations.</p>																																			
2.0	Key issues:																																			
2.1	<p>2015/16 recommendations have now been fully implemented with the exception of three recommendations in relation to Off Street Car parking. These recommendations cannot be implemented until the Agency Agreement with TransportNI ceases in October 2022.</p> <p>The table below demonstrates a breakdown of the 2016/17 Audit Recommendations by priority rating and their status. This was tabled at the April 2018 Audit Committee.</p> <p>April 2018</p> <table><tr><th></th><th>Fully Implemented</th><th>Partially implemented</th><th>Not implemented</th><th>Superseded</th><th>No longer Accepted</th><th>Total</th></tr><tr><td>Priority 1</td><td>0</td><td>1</td><td>0</td><td>0</td><td>0</td><td>1</td></tr><tr><td>Priority 2</td><td>6</td><td>14</td><td>7</td><td>0</td><td>0</td><td>27</td></tr><tr><td>Priority 3</td><td>20</td><td>7</td><td>4</td><td>1</td><td>3</td><td>35</td></tr><tr><td>Total</td><td>26</td><td>22</td><td>11</td><td>1</td><td>3</td><td>63</td></tr></table>		Fully Implemented	Partially implemented	Not implemented	Superseded	No longer Accepted	Total	Priority 1	0	1	0	0	0	1	Priority 2	6	14	7	0	0	27	Priority 3	20	7	4	1	3	35	Total	26	22	11	1	3	63
	Fully Implemented	Partially implemented	Not implemented	Superseded	No longer Accepted	Total																														
Priority 1	0	1	0	0	0	1																														
Priority 2	6	14	7	0	0	27																														
Priority 3	20	7	4	1	3	35																														
Total	26	22	11	1	3	63																														

The table below demonstrates the progress made to July 2019.

April 2019

	Fully Implemented	Partially implemented	Not implemented	Superseded	No longer accepted	Total
Priority 1	0	0	0	1	0	1
Priority 2	11	7	0	7	0	25
Priority 3	21	7	3	3	3	37
Total	32	14	3	11	3	63

There is still a large number of 2016/17 recommendations outstanding. The Audit Services manager will be making SMT and CMT aware of the outstanding recommendations.

NIAO Recommendations

2016/17

	Fully Implemented	Partially implemented	Not implemented	N/A	Not yet due for implementation	Total
Priority 1	1	1				2
Priority 2	2	2				4
Total	3	3	0	0	0	6

2017/18

	Fully Implemented	Partially implemented	Not implemented	N/A	Not yet due for implementation	Total
Priority 1		1				1
Priority 2	2	1				3
Total	2	2	0	0	0	4

3.0

Recommendations:

3.1

Audit Committee members to note column headed 'Status at July 2019' as an indication of progress being made and actions being taken to address

	recommendations as noted by management. A follow up of the 2017/18 recommendations (including TRU recommendations) will be brought to the September Audit Committee (Internal Audits follow up of these recommendations was presented at the April 2019 Committee).
4.0	Resource Implications
4.1	A number of the recommendations contain significant resource implications, both officer time and, in some cases capital cost.
5.0	Equality and good relations implications
5.1	This report has been equality screened to assess the likely impact on the promotion of equality of opportunity and good relations. No equality impact assessment is required at this time.
6.0	Rural Proofing implications
6.1	A rural needs impact assessment is not required at this time.
7.0	Appendices
	Appendix 1: 2015/16 Follow up tracker Appendix 2: 2016/17 Follow up tracker Appendix 3: NIAO recommendations
8.0	Background Documents
	None

Item Ref	Recommendation	Priority	Management Comments	Status	Responsibility	Timeframe	At March 2017	Update July 2018
Off Street Car Parking - B15 - Limited Alternative Baiting								
A2	We recommend that the Working Group establish a time bound action plan addressing the Council's responsibilities in respect of setting a policy for off street car parking, over the short medium and longer term.		The Working Group will make initial proposals to the CPT, in terms of a time bound action plan.	Partially Implemented	Colin Jackson	14th-15th October 2017	Our review identified that while the Council did not develop a time bound action plan we agree that the Council should have a 3 year extension in the Agency Agreement with TransportNL reflecting from 1 November 2018. In the short and medium term, the Council are working on "Hub" into these arrangements. In the longer term a sub-committee of the working group has been established to take forward proposals for an overall strategy after the 3 year extension period, ending in October 2021.	Plan 17 can be developed until the Agency Agreement with TransportNL expires in October 2021.
C1	We recommend that in addition to recommendations at A2 above, that once a decision is taken in respect of changing that the Council's role, or support role in enforcement is defined and agreed.		We are going to begin a process to take this decision for some considerable time as the changing issues will be integral to our Economic Development and Tourism strategies.	Not Yet fully Implemented	Colin Jackson	17th-18th November 2017	Our review identified that the responsibility for enforcement remains with TransportNL until October 2019, at which point a decision will need to be taken by the Council in respect of changing and the related need for enforcement.	Plan 17 can be developed until the Agency Agreement with TransportNL expires in October 2021.
F2	We recommend that in addition to recommendations at A2 above, that once a decision is taken in respect of changing that the Council's role, or support role in enforcement is defined and agreed.		We are going to begin a process to take this decision for some considerable time as the changing issues will be integral to our Economic Development and Tourism strategies.	Not Yet fully Implemented	Colin Jackson	17th-18th November 2017	Our review identified that the responsibility for enforcement remains with TransportNL until October 2019, at which point a decision will need to be taken by the Council in respect of changing and the related need for enforcement.	Plan 17 can be developed until the Agency Agreement with TransportNL expires in October 2021.

ASMA
DEF Recommendation

Priority Management Comment Status Responsibility Timeframe At July 2019

Cash Handling Policy - May 2012

66	We recommend that a Council wide policy in respect of expected cash handling processes be developed and implemented across each site. In the interim period, we recommend that those local procedures developed in relation to Newey Sports Centre be disseminated to staff at the site and in relation to Ballyvaughan Community Centre be updated and circulated to staff at the site.		New Council wide policy will be drafted and implemented at all sites. Local procedures at Newey Sports Centre will be communicated to staff and current procedures at each site will be updated.	Accepted	Ken Montgomery	Dec-17	Partially implemented The review (drafted) then while a Cash Handling Policy has been developed in December 2017, at the time of our review this policy had only been issued to staff at four sites.	Partially implemented
67	We recommend that the Council review the petty cash procedures dated February 2015, to ensure they continue to be appropriate and issue these to each of the cash generating sites as soon as possible.		The petty cash procedures document will be updated and issued to each Council outstation.	Accepted	Ken Montgomery	Dec-17	Partially implemented Our review identified that new guidance on Petty Cash is now included in the new Cash Handling Policy and that at the time of our review this policy had only been issued to staff at four sites.	Partially implemented
68	We recommend that the Council ensures that adequate insurance cover is in place for cash held at all cash generating sites including specifically Newey Leisure Centre, Newcastle Leisure Centre and Ballyvaughan Community Centre.		Finance will clarify the insurance cover that is in place for each outstation that holds cash and that the cover is satisfactory.	Accepted	Ken Montgomery	Dec-17	Not implemented Our review identified that the Council's insurance policy does not specify cover for cash held at Newey Leisure Centre, Newcastle Leisure Centre or Ballyvaughan Community Centre.	Not implemented
69	We recommend that management review the current arrangements at St. Columba's College to determine if more robust segregation of duties can be implemented.		Recommendation A5 involves the roll out of a Council wide cash handling procedure. Once implemented this recommendation will be achieved.	Accepted	Ken Montgomery	Dec-17	Not implemented Our review identified that the Cash Handling Policy sets out procedures for the segregation of duties but that the only that not yet been issued in the roll out of St Columba's College site.	Not implemented
70	We recommend that the Bill in Ballyvaughan Community Centre is cashed up and reconciled at the end of each shift.		Recommendation A5 involves the roll out of a Council wide cash handling procedure. Once implemented this recommendation will be achieved.	Accepted	Ken Montgomery	Dec-17	Partially implemented We selected a sample of 3 'cash up' sheets and identified that in every instance the bill was reconciled at the end of the day (rather than the end of each shift). Furthermore our review identified that the Cash Handling Policy, updated in December 2007, does not make reference to end of shift reconciliation procedures. We consider that the cash handling policy could be further strengthened to include these end of shift procedures, which will be a more robust control where two or more Officers are involved in operating one till.	Partially implemented

Building Control - October 2016

71	We recommend that the Council reviews the need for payments for building control applications received in Downpatrick having to go to the Administration Department.		Should refer this recommendation to Administration and Finance for consideration and response.	Accepted	Ken Montgomery	Apr-17	Not implemented Our review identified that there is a Council wide reconciliation planned during 1 April 2018. It is expected that this will help to the need for payments for building control applications being reviewed in Downpatrick having to go to the Administration Department.	Not implemented - This is dependent on Council not review which is taking place
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1	We recommend that in the absence of a software solution, the Council reviews the times by which the Council's Finance Department notices the Building Control Department of the clearance of townships and consider the impact of this on the Council's performance target.	This recommendation has already been identified and considered as part of the Council's IT Strategy.	Accepted	IT and Finance Manager	Nov-18	Partially implemented Our review identified that the Council are still pursuing a software solution for the processing of Building Control applications and that this strategy has been included in the Council's IT Strategy.	Partially Implemented / Dependancy on IT Strategy
Fleet Management - January 2017							
16	We recommend that the Council establish a suitable process to identify when safety inspections are required to be completed on such vehicles and ensure that this process is	Review to take place to review suitability of existing recording system and establish and to implement a standardised approach across Council.	Accepted	Head of Fleet	Jan-17	Partially implemented Our review identified that the Council have undertaken to standardise procedures in relation to identifying when safety inspections are done across the two legacy sites with the replacement and maintenance of an appropriate spreadsheet by the Council's Fleet Managers. However, our review identified that the Downstock site staff are reluctant to move away from the use of the "whiteboard" system and that there is also a perceived to be an IT skills shortage at that site preventing staff from using the spreadsheet system. The Council's Head of Fleet will keep the impact of this under review.	N/A - Superseded by TRU Audit
17	We recommend that the Council considers and establishes a process to report back to drivers in respect of reported driver behaviour in respect of the expectations of what is to be completed as part of the vehicle checking process, and to ensure that the driver's and the public's health and safety is not compromised.	Review of best practice to implement new standardised "Driver Briefing" reporting procedures and controls across the Council.	Accepted	Head of Fleet	May-17	Not implemented Our discussions with the Head of Fleet confirmed that until the Council's Fleet Policy is approved and implemented, work on implementing a standardised process across the Council has not been possible. Our review identified that an independent review of Fleet Management by the Vehicle and Operator Service Agency ("VOSA") in November 2017, also identifies a need for the Council to "put a driver's hours policy in place that covers all aspects of technology use, i.e. use, EU and domestic regulations".	N/A - Superseded by TRU Audit
18	We recommend that in respect of the Driver's Handbook, the Council could provide clarity to drivers: a) in respect of the expectations of what is to be completed as part of the vehicle checking process; and b) in respect of the definitions of what is considered a low/medium/high risk fault.	Review of procedures as per BS above; and b) definitions to be clarified within the Driver's Handbook.	Accepted	Head of Fleet	Dec-17 / May-17	Not implemented Our review identified that the Driver's Handbook has not yet been updated, however, it is noted that this is now considered a priority in order to comply with recommendations arising in the VOSA audit. Our review identified that the low/medium/high risk faults are to be removed from the handbook as these are considered to be too subjective. A revised priority system is expected to be established.	N/A - Superseded by TRU Audit
19	We recommend that the Council consider the need to provide training on the expectations of drivers in respect of their responsibilities as set out in the Driver's Handbook.	Planned to be covered by future CPC training and ongoing "Tool Box" talks.	Accepted	Head of Fleet	Aug-17	Not implemented Our review identified that training on the expectations of drivers in respect of their responsibilities as set out in the Driver's Handbook has not yet been provided.	N/A - Superseded by TRU Audit
20	Copies of the Fleet Management Policy, Strategy and Driver's Handbook to be made available on the Council's intranet site and an email sent out to all staff to notify them of these documents with a direct link to relevant site.	Legacy Capital Report.	Accepted	Head of Fleet	Nov-18	Partially implemented Our review identified that, while the Council's intranet site is now operational, the fleet management documents have been uploaded to it. All drivers do however have access to the required documentation.	N/A - Superseded by TRU Audit

<p>The Council should consider investment in computer based IT systems that will enhance security of fleet data, eliminate multiple duplication demands which exist in current manual systems and provide real-time management cost information that will allow Management to make strategic investment plans and decisions to ensure the effectiveness of the fleet. The consideration of the Vehicle Telemetry system may result in the required data enhancement in this area.</p>		<p>2 Legacy Capital Report</p>	Accepted	Head of Fleet	N/A	<p>Partially implemented Our review identified that while a business case for a new Fleet Management System has been prepared, it has not yet been approved. We note that the need for investment in a fleet management IT system forms part of the Council's IT Strategy</p>	<p>N/A - Supervised by TRU Audit</p>
<p>The Health and Safety Policy should be updated to refer specifically to Fleet Management Issues.</p>		2 Legacy Capital Report	Accepted	Head of Fleet	N/A	<p>Not Implemented Our review identified that the Council's most up to date Health and Safety Policy continues to be that which was approved in February 2015, which does not specifically refer to fleet management issues.</p>	<p>N/A - Supervised by TRU Audit</p>
<p>Internal audit recommends that an additional central record of vehicle defects should be maintained to record details including registration, defect, Drivans duty repair, Farm numbers date left in and date returned (i.e. the Council currently maintains an excel document which records the vehicle's file dates of the most recent and next scheduled vehicle inspections, and the most recent and next scheduled service date). This could be maintained on an excel sheet or word document and then link to a shared environment accessible to all supervisors. This would assist in the tracking of all vehicles currently being repaired and assist with planning. A fleet management system should be considered this will reduce the man hours spent on repairing and work and avoid the dependencies on spreadsheets that can lead to errors.</p>		2 Legacy Capital Report	Accepted	Head of Fleet	N/A	<p>Not Implemented Our review identified that the maintenance of such records is considered to be resource intensive. However, the actions arising from the recommendation continue to be considered as part of the proposed Fleet Management System (currently at business case stage).</p>	<p>N/A - Supervised by TRU Audit</p>
<p>A telemetry (tracking system) should be introduced in to all fleet this will monitor and track fuel inefficiencies, start times, routes taken by drivers, the weight and speed of the vehicles, monitoring all fleet vehicles will reduce inefficiency and ensure that drivers are acting in accordance with the Council's procedures and policies.</p>		2 Legacy Capital Report	Accepted	Head of Fleet	N/A	<p>Partially implemented Our review identified that introduction of telemetry systems to all of the Council's fleet is being considered as part of the proposed Fleet Management System (which is at business case stage)</p>	<p>N/A - Supervised by TRU Audit</p>

Trade Motor Management - October 2016

A5	<p>We recommend that the Council develops a project plan to support the rationalisation of the Council's trade waste management service. We consider that the key elements of this project plan could include:</p> <ul style="list-style-type: none"> a) key functions to change; b) clear timescales for action; and c) details of responsible officers. 	As agreed at the Strategic Waste Working Group meeting on 23 August 2016, a detailed report, including options, alternatives, costs, benefits and operational considerations, in relation to dramatically changing the refuse collection service across the new district, in order to meet our 2020 landfill diversion and recycling targets is to be presented to the R&TS Committee for consideration early in the new year. This report will include recommendations for rationalising the Trade Waste Collection service.	Accepted	Joe Parkes	1-Apr-17	<p>Partially Implemented Our review identified that while a project plan to support the rationalisation of the Council's trade waste management service has been drafted for agreement by the responsible officers, we note that no agreement or those actions was undertaken at that time and no progress has been made on those at the time of writing. Our review identified that a revised project plan is expected to be formalised by June 2018.</p>	Partially implemented
A6	<p>We recommend that the Council develops a formal procedure/guidance document to support the administration of the Council's trade waste management service. We consider that, once approved, this procedure should be issued to all relevant staff.</p>	Will be addressed as part of above mentioned work.	Accepted	Joe Parkes	1-Apr-17	<p>Partially implemented Our review identified that work on the development of a formal procedure/guidance document to support the administration of the Council's trade waste management service has commenced. We identify that the Council's Strategic Waste Working Group have met to discuss and agree on standardised procedures for the whole Council, but that a formal procedure manual has not yet been finalised.</p>	Partially implemented
A7	<p>We recommend that the frequency of trade waste collections be reviewed across all of the Council.</p>	Will be addressed as part of above mentioned work.	Accepted	Joe Parkes	1-Apr-17	<p>Partially implemented Our review identified that while a consistent frequency of trade waste collections across the Council has been agreed, at the time of our review this has not yet been implemented. We note that this decision is documented in the Council's Waste Management Strategy and that the timeframe for full implementation is now expected to be September 2018.</p>	Partially implemented
A8	<p>We recommend that the Council reviews the rates currently applicable to both charities and caravan parks to ensure that they remain appropriate and to make these charges consistent across the Council.</p>	Will be addressed as part of above mentioned work.	Accepted	Joe Parkes	1-Apr-17	<p>Partially implemented Our review identified that the rates being charged to charities are now consistent across the Council and that these are supported by written guidelines. Our review further identified that the rates being charged to caravan parks have not yet been standardised across the Council. However, it is noted that after seeking legal advice, following a change in legislation regarding the collection and disposal costs at caravan parks, this standardised costing regime is expected to be implemented in Quarter 4 - 2018/19.</p>	Partially implemented

85	We recommend that the Council reconsiders the need to implement the use of collection stickers across all of the Council's trade waste sites.	Will be addressed as part of above mentioned work	Accepted	Joe Parkes	1-Apr-17	Partially implemented
86	We recommend that management reconsiders the costs and benefits to the Council of centrally managing the financial aspects of trade waste management through the Council's Finance department. As a result of any decision taken, we consider that management should clarify the expected duties of administrative officers with respect to trade waste management.	Completed financial aspects of trade waste will be handled by the Finance Department. Given the changes agreed as a result of the audit, outcomes, the admin role in relation to Trade Waste will be reviewed, clarified and new processes/procedures will be introduced.	Accepted	Joe Parkes / Ken Montgomery	1-Apr-17	Partially implemented
87	We recommend that the Council reconsiders the need to manually record income received outside of the Sun Finance System (i.e. in Kalamazoo or Excel ledgers) and records the receipt of income directly to the Sun Finance System at the time of receipt.	All income received will be recorded directly into the SUN financial system.	Accepted	Ken Montgomery	31-Dec-16	Partially implemented
88	We recommend that the Council reviews the available payment options for trade waste customers and to consider the need to accept cash for trade waste services at the trade waste sites only.	All customers will be required to pay by direct debit, with cash and cheque payments to cease upon new pricing period.	Accepted	Joe Parkes	1-Apr-17	Partially implemented

	Recommendation	Priority	Management Comment	Status	Responsibility	Timeframe	As At July 2019
2016/17 EITCWG							
1 Procurement	<p>1. The Council should undertake a comprehensive review of the application of procurement procedures. In particular, the Council should ensure that all applicable expenditure being incurred is supported by formal contracts / service level agreements.</p> <p>It should be ensured that expenditure currently being incurred meets the requirements of the procurement procedures e.g. ideally there should be no instances where payments are on-going but not necessarily supported by a formal contract or which breach council policy as not re-tendered.</p> <p>2. The Council should consider adopting a rolling contract register to monitor and evaluate contracts - consideration should be given as to whether this should be maintained centrally or at a Directorate level (and periodically forwarded to procurement manager for review).</p> <p>3. Council should consider the current level of single tender actions in line with the procurement procedures to ensure every effort is made to seek quotes / tenders where necessary.</p> <p>4. The Council should prioritise implementation of formal delegated authorities.</p>	1	Accepted	Partially Implemented	Ken Montgomery	June-18/19	<p>1. A revised Procurement policy along with a suite of new procedures and template documents was tabled at the December 2017 SMT and SPCR meetings. This was ratified by Council on the 8 January 2018. Training was rolled out to the relevant officers in June 2018 and also in February and March 2019.</p> <p>2. A rolling contract register is being developed and will be completed in the summer.</p> <p>3. Training on the new procurement policy reinforced to staff the procedures to be adopted in respect of STAS.</p> <p>4. Formal delegated authorities were approved by SMT on the 3 May 2017 and are now in operation.</p>
4 Fixed Assets	<p>The Council should address the weaknesses in controls which gave rise to the observations identified above (see note from last year that the Council is committed to an asset survey being undertaken in 2017/18 and we will review the findings from this exercise during our 2017/18 audit).</p> <p>The large reconciling differences in its own legacy council balance sheets should be investigated with KAM adjusted as needed.</p> <p>The negative balances in assets under construction should be investigated with appropriate accounting entries processed as needed.</p> <p>Both headquarter buildings and the Strongwood site should be included in the list of assets to be valued in the first year of rolling valuations.</p>	2	Accepted	Partially Implemented	Ken Montgomery	Mar-18	<p>The Asset Management Internal Audit report finished in September 2017 reassessment of the same issues. A fixed asset action log has been developed and all recommendations which haven't been actioned to date will be acted upon before the end of the financial year.</p>
2017/18 EITCWG							
1 Fixed Assets	<p>NMD should address the weaknesses in controls which gave rise to the observations identified in our findings including:</p>	1	Accepted	Partially implemented	Ken Montgomery	n/a	Accepted and partly implemented.

