

**NEWRY MOURNE AND DOWN DISTRICT COUNCIL**

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**Minutes of Audit Committee Meeting held on Thursday 24 September 2020 via Skype.**

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**Chairperson:** Ms B Slevin Independent Chairperson

**In attendance:** **(Committee Members)**  
Councillor P Byrne  
Councillor L Devlin  
Councillor O Hanlon  
Councillor A Lewis  
Councillor K Owen  
Councillor G Sharvin

**Officials in attendance:** Ms M Ward, Chief Executive  
Ms D Carville, Director of Corporate Services  
Mr K Montgomery, Assistant Director, Corporate Services (Finance)  
Mr G Byrne, Audit Services Manager  
Ms K Bingham, Head of Performance and Improvement  
Ms S Taggart, Democratic Services Manager  
Ms L Dillon, Democratic Services Officer

**Also in attendance:** Ms C Hagan, ASM  
Mr B O'Neill, NIAO

**AC/055/2020: APOLOGIES AND CHAIRPERSON'S REMARKS**

The following apology was received:

Councillor C Enright.

**AC/056/2020: DECLARATIONS OF INTEREST**

No declarations of Interest received.

**AC/057/2020: ACTION SHEET ARISING FROM AUDIT COMMITTEE MEETING – THURSDAY 06 JULY 2020**

Read: Action Sheet arising out of Minutes of Audit Committee Meeting held on Thursday 06 July 2020. **(Copy circulated)**

The following issues were raised arising out of the Action Sheet for Audit Committee Meeting July 2020:

**AC/033/2020: Direct Award Contracts**

**AGREED:** On the proposal of Councillor Devlin seconded by Councillor Owen it was agreed a Special Meeting of the Audit Committee Meeting be arranged in November 2020 for ASM Internal Auditors to present a Report regarding investigation into the process of Direct Award Contracts.

**AC/030/2020: Corporate Risk Register**

**AGREED:** It was agreed to note that Minute No AC/030/2020 regarding Corporate Risk Register remain on the Action Sheet until such times as training is provided for Members regarding changes to The Orange Book Management of Risk – Principles and Concepts.

**AGREED:** On the proposal of Councillor Owen seconded by Councillor Byrne it was agreed to note the Action Sheet arising out of the Audit Committee Meeting held on Thursday 06 July 2020.

**CORPORATE SERVICES (OPEN SESSION)**

**AC/058/2020: ANNUAL ACCOUNTS AND ANNUAL GOVERNANCE STATEMENT 2019-20**

Read: Statement of Accounts for Newry Mourne & Down District Council for year ended 31 March 2020 Annual and Annual Governance Statement. **(Copy circulated)**

Mr Montgomery explained Council had been required to submit Draft Accounts to the Department before the end of August this year as opposed to the normal timeline of before the end of June, and he began a presentation of the Annual Accounts raising a number of significant points as follows:

- All Council land and buildings underwent re-valuation by Land & Property Services thus altering the Balance Sheet.

- General Power of Competence (which was introduced in March 2010 giving Councils power to do anything an individual could do provided it was not prohibited by any legislation) was not used during 2019 – 2020.
- No changes to Accounting Policies.
- Pages 3-19 outlines what had happened financially during the year linking strategic objectives to outcomes, giving an organisational overview of the external environment and the operational model the Council use detailing how Council spend ratepayer's money.
- Table of structure of Governance Arrangements highlighting areas the Council concentrate on: financial control; performance management; risk management; health & safety arrangements; internal and external audit; management assurances.
- Performance report – refers to the Corporate Plan setting out the Council's missions and values and progress achieved.
- Council's main achievements details improvements, objectives, progress and status of same.
- Financial Performance shows:  
underspend in staff costs of £285,000; a positive Rates finalisation of £655,000; received Covid 19 support from Department for Communities of £220,000; insurance costs £117,000 less than budget £220,000 for EDRF Schemes was not accrued due to delays in the schemes; £552,000 underspend in Tourism Culture & Events.  
These figures were offset by an overspend sum of £1.190,000 in Waste Management costs.
- Significant completed Capital projects during the year: Saintfield Community Centre £1.4m; Downpatrick Household Recycling Centre £1m; Kitty's Road Community Centre £300,000; Play Strategy x 5 new Play Parks £860,000.
- The financial landscape for the Council is likely to remain challenging for the foreseeable future due to ramifications of Covid 19 and Brexit and will have an effect when striking EPP later in the year. In December the Chief Executive will demonstrate the Council is in a going concern basis and showing adequate reserves going forward.
- Expected Funding Streams during the year – Belfast City Deal; NI Full Fibre; Peace 4 Programme.
- Remuneration Reports – shows reduction in Councillors Allowances.

- Significant issues within the Governance Statement: procurement; contract management; IT transformation project; economical and political climate due to Covid 19 and Brexit; Belfast Region City Deal; planning backlog; absenteeism figures.
- Balance Sheet shows – increase in net fixed assets; increase in long term borrowing; increase in long term liabilities; reduction in Capital fund; reduction in general fund.
- Payment statistics show 90% of invoices have been paid within the 30 day target.
- Contingencies – only one contingency remains in relation to procurement of Residual Waste Treatment Project.

Mr Montgomery concluded the presentation advising the Council's Draft Annual Accounts had been submitted to the Department for Communities and NIAO and that these accounts will be available for public viewing between 20 October and 16 November 2020.

He said the NIAO Audit will be completed by mid-November after which the Council's final Accounts will be presented to the Audit Committee Meeting on 07 December 2020 for consideration and signing.

In response to queries raised by Members regarding the Capital Fund and financial provision for restructuring, Ms Carville explained the legacy Down District Council had a Capital Fund of £1.2m which was released on a 2 year basis which reduced the MRP charge and benefitted the rates process. She added that the sum provided for restructuring was an estimated amount for the planning for the future project.

Regarding a query concerning the level of reserves the Council are required to hold and reserve comparisons with other Councils, Ms Carville explained the reserves level currently showing are as at 31 March 2020 and given events that have happened since then the full financial impact of Covid will not become clear in this format until next years' accounts are available. She said the Council were very fortunate to have had the amount of reserves it held when the effects of the pandemic hit at the end of March and explained the Council are required to have adequate reserves to meet medium term commitments and any other known commitments, and Officials examine these commitments on an ongoing basis to ensure the Council is financially viable.

In response to a query from the Chairperson regarding clarity on why the pension fund increased, Mr Montgomery explained the main variances each year were actuarial gains and losses on financial assumptions but that the main driver for this increase was the remeasurement of assets.

**AGREED:                      To note the Statement of Accounts for Newry  
Mourne & Down District Council for year ended 31  
March 2020 Annual and Annual Governance**

**Statement with final Accounts being presented to the Audit Committee Meeting on 07 December 2020 for consideration and signing.**

**It was agreed to circulate a paper from NIAO regarding reserve comparisons between Councils in Northern Ireland, to the Members of the Audit Committee for information.**

**A report on going concern and future liabilities to be tabled at the next Audit Committee Meeting in December 2020.**

**AC/059/2020: CORPORATE RISK REGISTER**

**Read:** Report dated 24 September 2020 from Ms D Carville, Director of Corporate Services regarding the Corporate Risk Register. **(Copy circulated)**

**AGREED:** It was agreed to note the Corporate Risk Register including minor changes, new actions updating the progress of actions and new detail included within certain risks as per above Report and to note all Directorate Risk Registers will be updated for the impact of COVID19 which will be completed during October 2020.

**AC/060/2020: PROMPT PAYMENT STATISTICS**

**Read:** Report dated 24 September 2020 from Mr G Byrne, Audit Services Manager regarding Prompt Payment Statistics. **(Copy circulated)**

Mr Byrne presented the Report explaining that in 2019/2020 89.9% of Council invoices were paid within 30 days, 17.2% paid within 10 days and 10.1% of invoices were paid outside the 30 day target. He said statistics for the period July to September 2020 should show an improvement as all staff were now fully operating remotely.

**AGREED:** It was agreed to note Report dated 24 September 2020 from Mr G Byrne, Audit Services Manager regarding Prompt Payment Statistics.

**CORPORATE SERVICES (CLOSED SESSION)**

***Items restricted in accordance with Part 3 of Schedule 6 of the Local Government Act (Northern Ireland) 2014***

**Agreed:** On the proposal of Councillor Owen seconded by Councillor Devlin, it was agreed to exclude the public and press from the meeting during discussion on this matter which related to exempt information by virtue of Part 3 of Schedule 6 of the Local Government Act (Northern Ireland) 2014 – Information relating to the financial or business affairs of a particular person (including the Council holding that information) and the public may, by resolution, be excluded during these items of business.

**AC/061/2020: UPDATE  
RE: AUDIT RECOMMENDATIONS**

**Read:** Report dated 24 September 2020 from Mr G Byrne, Audit Services Manager regarding an update on Internal Audit Recommendations made since formation of Newry Mourne & Down District Council; review of progress on NIAO recommendations; progress on legacy outstanding audit recommendations. **(Copy circulated)**

**AC/062/2020: UPDATE  
RE: FRAUD AND WHISTLEBLOWING**

**Read:** Report dated 24 September 2020 from Mr G Byrne, Audit Services Manager regarding Fraud and Whistleblowing. **(Copy circulated)**

**AC/063/2020: DIRECT AWARD CONTRACTS**

**Read:** Report dated 24 September 2020 from Mr G Byrne, Audit Services Manager regarding Direct Award Contracts. **(Copy circulated)**

**INTERNAL AUDIT (CLOSED SESSION)**

**AC/064/2020: ASM SUMMARY REPORT / INTERNAL AUDIT PLAN**

**Read:** ASM Summary Report dated 24 September 2020 and Internal Audit Plan 2020-2021. **(Copy circulated)**

**AC/065/2020: ASM INTERNAL AUDIT REPORT**

Read: ASM Internal Audit Report regarding Audit Fieldwork on Complaints Handling. **(Copy circulated)**

**NIAO (CLOSED SESSION)**

**AC/066/2020: ADDITIONAL RISK  
FINANCIAL RESILIANCE OF COUNCIL**

Read: Correspondence dated 27 August 2020 from NIAO advising that in light of the Covid 19 pandemic and financial pressures on Councils as a consequence, NIAO will include an additional significant risk to consider the financial resilience of the Council as part of the NIAO audit of the 2019/2020 Accounts and the Chief Executive will be required to undertake an assessment on the use of the going concern basis for preparation of Accounts.  
**(Copy circulated)**

**On the proposal of Councillor Hanlon seconded by Councillor Devlin it was agreed to come out of Closed Session.**

When the Committee came out of Closed Session the Chairperson reported the following decisions had been taken on the items discussed:

**AC/061/2020: Update re: Audit Recommendations**

**AGREED: It was unanimously agreed to note Report dated 24 September 2020 from Mr G Byrne, Audit Services Manager regarding an update on Audit Recommendations.**

**AC/062/2020: Fraud & Whistleblowing**

**AGREED: It was unanimously agreed to note Report dated 24 September 2020 from Mr G Byrne, Audit Services Manager regarding an update on Fraud & Whistleblowing.**

**AC/063/2020: Direct Award Contracts**

**AGREED: It was unanimously agreed to note Report dated 06 July from Mr G Byrne, Audit Services Manager regarding Direct Award Contracts.**

**AC/064/2020: ASM Summary Report / Internal Audit Plan 2020/2021**

**AGREED:** On the proposal of Councillor Owen seconded by Councillor Sharvin it was agreed to note the ASM Summary Report dated 24 September 2020 and Internal Audit Plan 2020/2021.

To note it is proposed to bring 4 No. Reviews on the following areas, to the next meeting of the Audit Committee to be held on 07 December 2020:

- Planning
- Community Engagement
- Neighbourhood Services
- Refuse

**AC/065/2020:** ASM Internal Audit Report – Complaints Handling

**AGREED:** On the proposal of Councillor Byrne seconded by Councillor Owen it was agreed to note Report dated 18 September 2020 from ASM Internal Audit regarding Complaints Handling.

ASM Internal Audit to prepare a paper showing a breakdown on the areas of complaints received by Council, to be available at the Audit Committee Meeting to be held on 07 December 2020.

**AC/066/2020:** Additional Risk – Financial Resilience of Council

**AGREED:** It was agreed to note correspondence dated 27 August 2020 from NIAO regarding the inclusion of an additional significant risk to consider the financial resilience of the Council, as part of the NIAO audit of NMDDC 2019/2020 Accounts.

## PERFORMANCE (OPEN SESSION)

**AC/067/2020:** ASSESSMENT OF PERFORMANCE

**Read:** Report dated 24 September 2020 from Ms D Carville, Director of Corporate Services regarding an Assessment of Performance 2019/2020. **(Copy circulated)**

**Agreed:** It was agreed to note Report dated 24 September 2020 from Ms D Carville, Director of Corporate Services regarding an Assessment of Performance 2019/2020.

**AC/068/2020:** **PROGRESS REPORT**

**RE: NIAO PROPOSALS FOR IMPROVEMENT  
2019/2020**

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**Read:** Report dated 24 September 2020 from Ms D Carville, Director of Corporate Services outlining progress relating to 'Proposals for Improvement' as submitted by NIAO as part of the 2019-2020 Performance Audit and Assessment. **(Copy circulated)**

**AGREED:** It was agreed to note Report dated 24 September 2020 from Ms D Carville, Director of Corporate Services outlining progress relating to 'Proposals for Improvement' 2019-2020 as per NIAO Performance Audit and Assessment.

**CIRCULARS**

**AC/069/2020: CIRCULARS**

**Noted:** No new relevant circulars have been received from departments since the last Audit Committee Meeting in July 2020.

The Chairperson extended best wishes to Mr Byrne, Audit Services Manager on his secondment to Lisburn and Castlereagh City Council.

There being no further business the meeting concluded at 3.30pm.

For consideration at the Council Meeting to be held on Monday 05 October 2020.

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

**Signed:** Ms B Slevin  
**Independent Chairperson**