

NEWRY MOURNE AND DOWN DISTRICT COUNCIL

Minutes of Audit Committee Meeting held on Wednesday 3 July 2019 at 2.00pm in the Mourne Room, Downshire Estate, Downpatrick

Chairperson: Ms B Slevin Independent Chairperson

In Attendance: **(Committee Members)**
Councillor P Byrne
Councillor M Gibbons
Councillor O Hanlon
Councillor H Harvey
Councillor A Lewis
Councillor G Sharvin
Councillor M Ruane

Officials in Attendance: Mr L Hannaway Chief Executive
Ms D Carville Director Corporate Services
Mr M Lipsett Director Active & Healthy

Communities

Mr K Montgomery Assistant Director,
Corporate Services (Finance)
Mr J McGilly Assistant Director Community
Planning & Performance (Acting)
Mr G Byrne Audit Services Manager
Miss S Taggart Democratic Services
Manager
Ms L Dillon Democratic Services Officer

Also in Attendance: Ms C Hagan ASM (Internal Auditors)
Mr T Wilkinson Northern Ireland Audit
Office

Ms Slevin Chairperson, welcomed everyone to the first Audit Committee of the new Council term and welcomed the new Councillors.

She extended her thanks to Mr Joe Campbell, the previous Chairperson of the Audit Committee, for his work and commitment and wished him well for the future.

Ms Slevin gave an overview of her career in Local Government and knowledge of internal and external audit and said she looked forward to working with Newry Mourne and Down District Council.

AC/042/2019: APOLOGIES AND CHAIRPERSON'S REMARKS

The following apologies were received:

Councillor W Clarke
Councillor C Enright
Councillor L Devlin

AC/044/2019: DECLARATIONS OF INTEREST

No declarations of interest.

AC/045/2019: ACTION SHEET ARISING FROM AUDIT COMMITTEE MEETING - MONDAY 15 APRIL 2019

Read: Action Sheet arising out of Minutes of Audit Committee Meeting held on Monday 15 April 2019. **(Copy circulated)**

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

*AC/018/2019 – Internal Audit Asset Summary Report
(Grants Database)*

Mr Byrne explained a Financial Assistance Policy has been drafted by consultants and the new Data Base System would be submitted for procurement on the basis of the Financial Assistance Policy in due course.

Agreed: On the proposal of Councillor Byrne seconded by Councillor Ruane it was agreed to note the Action Sheet and remove those actions marked for removal.

AC/046/2019: TO AGREE DATES & START TIMES AUDIT COMMITTEE MEETINGS 2019-20

Read: Proposed dates and start times for Audit Committee Meetings for 2019/2020. **(Copy circulated)**

Agreed: On the proposal of Councillor Ruane seconded by Councillor Byrne it was agreed to approve the dates as circulated, and agree to continue with a 2.00pm start time in respect of Audit Committee Meetings for 2019/2020.

AC/047/2019

MEMBERS TRAINING

Ms Carville explained the following options regarding Audit Committee training:

- One to one training for new Councillors with the Director of Corporate Services and the Audit Services Manager.
- External training – ‘On Board’ (held twice per year)
- Internal ‘in-house’ training (will be held later this year)

Agreed: It was agreed as follows with regard to Audit Committee training:

(a) One to one training on Audit Committee will be provided by the Director of Corporate Services and the Audit Services Manager, for newly elected Councillors who are members of the Audit Committee.

(b) Any Member of the Audit Committee who wishes to attend external On Board training should contact Ms L Dillon Democratic Services Officer who will arrange booking.

(c) Ms D Carville Director of Corporate Services arrange for ‘in-house’ Audit Committee training to take place after the Audit Committee Meeting in September 2019.

AC/048/2019

**ANNUAL REPORT 2018/19
INDEPENDENT CHAIRPERSON OF AUDIT
COMMITTEE**

Read: Annual Report 2018/19 from the Independent Chairperson of the Audit Committee. **(Copy circulated)**

Ms Carville presented the Annual Report 2018/2019 from Mr J Campbell former Independent Chairperson of the Audit Committee, and provided the following update on issues raised within the report:

Principle 2 – Skills

It was noted:

- Officers meet with representatives from the political parties to consider, where possible, making appointments to the Audit Committee for a term greater than one year to build up knowledge and skills.
- The Audit Committee Terms of Reference are reviewed annually in accordance with HMT Guidance and CIPFA Best Practice Guidance.

- A paper on Cyber Risk Management will be brought to the Audit Committee Meeting in September 2019
- Assurance Mapping to be discussed at meeting today.

Fraud and Corruption had been included at a previous Audit Committee Meeting. Furthermore Governance Training will take place in autumn 2019, which will include fraud and bribery training.

- The timely submission of responses to Internal Audit and production of papers for the Audit Committee is regularly raised with Senior Management and Assistant Directors.

Agreed: On the proposal of Councillor Byrne seconded by Councillor Ruane it was agreed to note the Annual Report 2018/19 from Mr J Campbell, former Independent Chairperson of Audit Committee, subject to amending anomalies on Page 2 regarding Audit Committee attendance, and to present the report to Council.

EXEMPT ITEM

INTERNAL AUDIT

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

Agreed: On the proposal of Councillor Sharvin seconded by Councillor Harvey, 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/049/2019 **ASM 4 YEAR INTERNAL AUDIT PLAN**

Read: Report from ASM regarding the 4 Year Internal Audit Plan. **(Copy circulated)**

Agreed: On the proposal of Councillor Lewis seconded by Councillor Ruane it was agreed to come out of Closed Session.

When the Committee came out of Closed Session Ms Carville reported the following decision was taken:

AC/049/2019 - ASM 4 Year Internal Audit Plan

Agreed: On the proposal of Councillor Byrne seconded by Councillor Sharvin it was agreed to approve the Internal Audit Strategy and Internal Audit Charter and Annual Internal Audit schedule of reviews for the 2019-20 year.

CORPORATE SERVICES

**AC/050/2019 FINANCIAL STATEMENTS
ANNUAL GOVERNANCE STATEMENT**

Read: NMDDC Statement of Accounts Year ended 31 March 2019 and Annual Governance Statement.
(Copy circulated)

Ms Slevin thanked Ms Carville, Mr Montgomery and staff for completing the Financial Accounts and added that the Accounts would be tabled at the Audit Committee Meeting in September 2019 for approval.

Ms Carville gave a presentation of the Accounts and asked Members to point out any issues which they feel have not been reflected within the Accounts.

She added the Accounts have been sent to the Department and NIAO and will be available for public scrutiny from 31 July – 28 August 2019. NIAO findings will be reported to the Audit Committee Meeting in September 2019, after which it will be recommended the Accounts are formally signed off.

The following responses were provided to questions raised by members:

Council is guided by the Prudential Code regarding the appropriate level of Reserves to hold, with the guidance being that the amount of Council reserves should be able to meet the Councils medium term financial commitments.

A difference in ERT income figures presented within the accounts is due to grant income.

When borrowing the Council are advised by Council's Treasury Advisors whom officers meet with twice per year, and liaise with regularly. The Council are taking advantage of low interest rates via short term borrowing currently. Council officers keep interest rates under review and will be driven by achieving best value for money regarding future borrowing decisions.

Ms Slevin questioned whether Absenteeism should be included within the Annual Governance Statement as a significant governance issue given it's inclusion on the Corporate Risk Register and the recent report of the Local

Government Auditor.

Ms Carville advised that this would be added.

AGREED: It was agreed to note the NMDDC Statement of Accounts for Year End 31 March 2019 and Annual Governance Statement, subject to the inclusion of Absenteeism under Significant Governance Issues.

AC/051/2019 **ASSURANCE FRAMEWORK AND CODE OF GOVERNANCE**

Read: Report dated 3 July 2019 from Mr G Byrne, Audit Services Manager, regarding Assurance Framework and Code of Governance. **(Copy circulated)**

AGREED: It was agreed to note the NMDDC Assurance Framework, and Code of Governance, as per Report dated 3 July 2019 from Mr G Byrne Audit Services Manager.

AC/052/2019 **CORPORATE RISK REGISTER**

Read: Report dated 3 July 2019 from Mr D Carville Director of Corporate Services regarding the Corporate Risk Register. **(Copy circulated)**

Ms Carville presented the above report. She explained the Corporate Risk Register was a live document and highlighted two risks – a new risk Regarding Sickness Absence and refocusing of Risk 10 to focus on Terms and Conditions.

The following response was provided to questions raised by Members:

The working group established to look at Terms and Conditions has met twice, with the most recent meeting being held on Monday 1 July 2019. The next meeting of the LCNF is scheduled for Monday 8 July 2019.

Comments regarding the continuing backlog of Planning Applications will be brought to the Senior Management Team for further consideration as to the risk rating attributed to the Risk Register.

Cross border meetings have been held with Council's regarding the impact of Brexit and a report will be brought to Members in due course. The Council are working on a series of initiatives to address the impact Brexit may have on local businesses.

AGREED: It was agreed to note the Corporate Risk Register and approve the changes proposed.

AC/053/2019 **FRAUD & WHISTLEBLOWING**

Read: Report dated 3 July 2019 from Mr G Byrne, Audit Services Manager regarding Fraud and Whistleblowing. **(Copy circulated)**

AGREED: It was agreed to note the Fraud and Whistleblowing cases as per Report from Mr G Byrne Audit Services Manager above.

AC/054/2019 **DIRECT AWARDS CONTRACTS**

Read: Report dated 3 July 2019 from Mr G Byrne, Audit Services Manager regarding the Direct Awards Contacts / Single Tender Actions. **(Copy circulated)**

Agreed: It was agreed to note report dated 3 July 2019 from Mr G Byrne Audit Services Manager regarding the Direct Awards Contracts/Single Tender Actions.

AC/055/2019 **UPDATE RE: AUDIT RECOMMENDATIONS**

Read: Report dated 3 July 2019 from Mr G Byrne Audit Services Manager regarding an update on the monitoring of internal audit recommendations made since the formation of NMDDC.

Mr Byrne presented an update on the Audit Recommendations made since the formation of NMDDC.

Ms Slevin asked if Officers could provide a report for consideration at the next Audit Committee Meeting in September 2019, outlining the issues contained within audit recommendations which the Audit Committee should focus on in order to have an overview of the impact of risk involved.

Agreed: It was agreed to the Report dated 3 July 2019 from Mr G Byrne Audit Services Manager regarding Audit Recommendations.

Agreed: Officers to provide a Report for consideration at the next Audit Committee Meeting in September 2019, outlining the issues contained within audit recommendations which the Audit Committee

should focus on in terms of the impact of risk involved.

PERFORMANCE

AC/056/2019

PERFORMANCE IMPROVEMENT PLAN 2019/20

Read: Report dated 3 July 2019 from Mr J McGilly Assistant Director Community Planning and Performance (Acting) regarding Performance Improvement Plan 2019/20.
(Copy circulated)

Agreed: **It was agreed to note the Performance Improvement Plan 2019/20 Consultation and Engagement Report and Objective Delivery Plans.**

AC/057/2019

PERFORMANCE AUDIT AND ASSESSMENTS PROPOSALS FOR IMPROVEMENT

Read: Report dated 3 July 2019 from Mr J McGilly Assistant Director Community Planning and Performance (Acting) regarding Performance Audit and Assessments – Proposals for Improvement Progress Report 2018-19.
(Copy circulated)

Agreed: **It was agreed to note Performance Audit and Assessments Proposals for Improvement Progress Report 2018-19**

NIAO

AC/058/2019

LOCAL GOVERNMENT AUDITOR'S REPORT 2019

Read: Local Government Auditor's Report 2019.
(Copy circulated)

Mr Wilkinson presented the above Report which he said contained a significant amount of information and comparisons and highlighted a number of salient areas contained within the report, including:

- Big Screen investigation highlighted in the report
- Increase in Council workforce following RPA and comparison with other Councils.
- Outstanding loan balances

The following responses were provided:

The NIAO could not confirm if the benefits or RPA have been realised across Councils.

NIAO do not have a recommendation with regard to outstanding loan balances and this would be a matter for each individual Council.

Agreed: **It was agreed to note the Local Government Auditor's Report 2019.**

CIRCULARS

AC/059/2019 LOCAL GOVERNMENT PERFORMANCE IMPROVEMENT GUIDANCE

Read: Circular LG 20/2019 from Department for Communities regarding Addendum to Local Government Performance Improvement Guidance.
(Copy circulated)

Agreed: **It was agreed to note Circular LG 20/2019 from Department for Communities regarding Addendum to Local Government Performance Improvement Guidance.**

Ms Slevin thanked everyone for attending.

There being no further business the meeting concluded at 4.00pm.

For consideration at the Council Meeting to be held on Monday 5 August 2019.

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

Signed: **Ms B Slevin**
Independent Chairperson