

The Minutes of the Audit Committee Meeting held on 05 July 2021, were agreed and adopted, on the proposal of Councillor Hanlon, seconded by Councillor Byrne, with the inclusion of a declaration of interest from Councillor Byrne for Item AC/064/2021: ASM Internal Audit Summary Report.

NEWRY MOURNE AND DOWN DISTRICT COUNCIL

Minutes of Audit Committee Meeting held on Monday 05 July 2021 via Microsoft Teams.

Chairperson: Ms B Slevin Independent Chairperson

In attendance: **(Committee Members)**
Councillor P Byrne
Councillor M Gibbons
Councillor O Hanlon
Councillor A Lewis
Councillor D Murphy
Councillor D McAteer

Officials in attendance: Ms D Carville Director of Corporate Services
Mr M Lipsett Director Active & Healthy Communities
Mr C Mallon Director Enterprise Regeneration & Tourism
Mr J McBride Director Neighbourhood Services
Mr K Montgomery Assistant Director, Corporate Services (Finance)
Mr G Byrne Audit Services Manager
Ms S Taggart Democratic Services Manager
Ms L Dillon Democratic Services Officer

Also in attendance: Ms C Hagan ASM
Ms K Beattie NIAO

AC/050/2021: APOLOGIES AND CHAIRPERSON'S REMARKS

The following apologies were received:

Ms M Ward Chief Executive
Councillor C Casey

AC/051/2021: DECLARATIONS OF INTEREST

Ms B Slevin Chairperson, declared an interest in Item 7 – Assurance Statement and Code of Governance, and Annual Governance Statement, as she was a member of the Audit and Risk Committee of the SEUPB (EU Funding).

As Ms Slevin was not involved with awarding of funding, it was noted she would remain in the meeting during discussion on the item.

**AC/052/2021: ACTION SHEETS ARISING FROM:
AUDIT COMMITTEE MEETING: 22 APRIL 2021**

Read: Action Sheet arising from Minutes of the Audit Committee Meeting held on Thursday 22 April 2021.
(Copy circulated)

AGREED: On the proposal of Councillor Hanlon seconded by Councillor Lewis it was agreed to note the Action Sheets arising from the Audit Committee Meeting held on Thursday 22 April 2021.

AC/053/2020: AUDIT COMMITTEE ANNUAL REPORT 2020/21

Read: Audit Committee Annual Report 2020/21 from Ms B Slevin Independent Chair of Audit Committee.
(Copy circulated)

Ms Slevin presented the above report. She explained the performance evaluation of the Audit Committee was very good and reassurance could be taken from the number of good practice questions which answered as yes therefore reflecting the fact the Audit Committee has been operating effectively throughout the year.

She added that an unqualified opinion was received from the NI Audit Office for the 2019/20 financial statements and a satisfactory assurance was provided in the Annual Internal Audit Assurance Report for 2020/21.

As Chairperson of the Audit Committee, Ms Slevin extended thanks to Members, officers, internal and external audit for the support she received throughout the year and for the openness and engagement which reflected well on the operation of the committee.

AGREED: On the proposal of Councillor Byrne seconded by Councillor Murphy it was agreed to note the Audit Committee Annual Report 2020/21.

AC/054/2020: MEMBERS' REGISTER OF INTERESTS

Read: Report dated 05 July 2021 from Ms D Carville Director Corporate Services regarding Members' Register of Interests. **(Copy circulated)**

Ms Carville explained it had been agreed a periodic reminder would be issued to remind Members to keep their Register of Interest up to date and report back to the Audit Committee on a 6 month basis.

She confirmed all members had returned a declaration and the Register only required updating if a Members' circumstances change.

AGREED: On the proposal of Councillor Hanlon seconded by Councillor McAteer it was agreed to note the 6 month review report regarding Members' Register of Interests.

CORPORATE SERVICES (OPEN SESSION)

AC/055/2021: CORPORATE RISK REGISTER

Read: Report dated 05 July 2021 from Ms D Carville, Director of Corporate Services regarding the Corporate Risk Register. **(Copy circulated)**

Ms Carville explained the Corporate Risk Register was last updated by the Senior Management Team on 22 June 2021 and that Year End Assurance Statements for 2020-21, per directorate, were complete and used to update the Register.

She referred to the following changes to the Corporate Risk Register as highlighted in the Report under 2.1:

CR 1 - updated to reflect material shortages and potential rise in material costs within the construction industry.

CR 12 - has been incorporated into CR 8 to focus the risk on uncertainties regarding the Northern Ireland Protocol.

Councillor Byrne referred to the reduction in the residual risk score for CR 5 regarding failure to provide timely planning decisions, and felt this area still remained high risk and that any reduction in risk score should be based on the

outworking's of the Planning Consultants report rather than based on implementation of the 8 legacy recommendations.

In explaining the rationale for reducing the residual risk score of CR 5, Mr Mallon advised that the reduction in the risk score was reflective of improvements made in terms of the timely processing of applications ie processing times for major applications; rise in applications; rise in determinations

Ms Carville suggested Management could examine this risk score again taking into account comments of members, if Members were in agreement to accept the changes currently.

AGREED: On the proposal of Councillor McAteer seconded by Councillor Murphy it was agreed as follows:

- (a) To note the Corporate Risk Register overview as per Appendix 1.**
- (b) To approve the updated Corporate Risk Register as per Appendix 2, including the changes to:**
 - **CR 1 - updated to reflect material shortages and potential rise in material costs within the construction industry.**
 - **CR 12 - incorporated into CR 8 due to uncertainties regarding the Northern Ireland Protocol.**
- (c) Further information to be presented to the Audit Committee Meeting in September 2021 with regard to the residual risk score for CR 5.**

**AC/056/2021: A) ASSURANCE STATEMENT & CODE OF GOVERNANCE
B) ANNUAL GOVERNANCE STATEMENT**

Read: Report dated 05 July 2021 from Mr G Byrne Audit Services Manager regarding NMDDC Assurance Framework and Annual Governance Statement.
(Copy circulated)

Mr Byrne explained the Assurance Framework and Code of Governance was updated on an annual basis and used to inform the Annual Governance Statement. He highlighted a significant amendment was the addition of the National Fraud Initiative process into Council controls to help prevent and detect frauds which arose from an NIAO check list which was presented to the Audit Committee in April 2021.

With regard to the Annual Governance Statement Mr Byrne highlighted the following key issues :

Changes to the decision making process due to Covid 19 which granted delegated authority to the Chief Executive for a period of time.

Updates to Significant Governance issues 2019/20 (no longer on the Annual Governance Statement)

- Newry Rainbow Community Grant – remains under PSNI investigation.
- Internal Audit investigation in to Contract Management

Actual Significant Governance issues 2020-21:

- Fleet Management internal audit – received limited assurance
- Fuel Management internal audit – received limited assurance

Significant Governance issues 2020-21:

- Procurement and Contract Management- including Corporate Risk, , ASM investigation into Single Tender Actions and Procurement Action Plans.
- IT Transformation Project - implementation of IT Strategy and Cyber Security.
- Economic and Political Climate - NI Protocol and Covid 19 as well as other financial uncertainties.
- Belfast Region City Deal – business cases not yet approved which could lead to a possible shortfall in funding.
- Planning backlog – improvements made following implementation of Internal Audit recommendations, work ongoing by Consultant, increase in planning applications, historic planning applications, enforcement cases.
- Absenteeism – sickness levels are greater than the Local Government average.
- Covid 19 – impact on Council operations.

It was noted the Annual Governance Statement would remain a live document with statistics being amended until final certification of the Council's Annual Accounts to be presented to the Audit Committee in September 2021.

AGREED: On the proposal of Councillor Byrne Seconded by Councillor McAteer it was agreed:

- **To note the NMDDC Assurance Framework, and the Code of Governance.**
- **To review and approve the draft Annual Governance Statement for 2020/21.**
- **Following review, the statement will be incorporated into the Council's unaudited financial statements for 2020/21.**

AC/057/2021: PRESENTATION RE:

UNAUDITED FINANCIAL STATEMENTS 2020/21

Read: Report dated 05 July 2021 from Mr G Byrne Audit Services Manager regarding the Council's Unaudited Financial Statements for 2020/21. **(Copy circulated)**

Mr Byrne explained that following an amendment to the publication date for Annual Accounts due to Covid 19, the Department had now reinstated the original date and Council's unaudited accounts have been submitted to the Department and NIAO and will be due for certification by the end of September 2021.

He then highlighted the following key points:

- Revaluation of fixed assets
- General Power of Competence
- Accounting Policies
- Covid 19 – impact on Council finances

Year End Management Accounts were presented to the SPR Committee June 2021 which showed an underspend to budget due to funding received from Government departments plus increased incomes from Building Control and Planning Departments.

Mr Montgomery gave a presentation on the financial element of the Council's Annual Accounts highlighting material changes on the Balance Sheet and gave a detailed explanation on the reasons for the increase in usable reserves.

He gave detail regarding the 2 No. redundant Landfill sites and Prompt Payment statistics and highlighted two items under Contingencies, ie, Residual Waste Treatment Plant and the Claim against HMRC regarding VAT on leisure services.

Mr Byrne pointed out that in accordance with legislation, the Council's accounts will be available for public viewing from 29 July 2021 to 25 August 2021

The NIAO audit will be due for completion early September 2021 after which the Report to Those Charged with Governance will be issued and tabled at the Audit Committee Meeting to be held on Thursday 23 September 2021 together with final Accounts for approval and signing by the Chief Executive and Chair of Council.

Ms Slevin extended thanks to Mr Byrne, Mr Montgomery and the finance staff for producing the Annual Accounts which she said was a huge and complex exercise. She also extended best wishes to Mr Montgomery in his retirement.

AGREED: On the proposal of Councillor Byrne seconded by Councillor Hanlon it was agreed to approve the presentation of the Unaudited Statement of Accounts for NMDDC for the period Year Ended 31 March 2021.

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 McAteer seconded by Councillor Hanlon 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/058/2021: UPDATE – AUDIT RECOMMENDATIONS

Read: Report dated 05 July 2021 from Mr G Byrne Audit Services Manager, regarding an update on Internal Audit Recommendations made since formation of Newry Mourne & Down District Council in 2015, and a review of progress regarding implementation of NIAO recommendations. **(Copy circulated)**

AC/059/2021: UPDATE RE: FRAUD AND WHISTLEBLOWING

Read: Report dated 05 July 2021 from Mr G Byrne Audit Services Manager regarding Fraud and Whistleblowing. **(Copy circulated)**

AC/060/2021: QUARTERLY UPDATE RE: SINGLE TENDER ACTIONS

Read: Report dated 05 July 2021 from Mr G Byrne Audit Services Manager providing a quarterly update Single Tender Actions. **(Copy circulated)**

AC/061/2021: A) PROCUREMENT ACTION PLAN B) ASM INVESTIGATION – SINGLE TENDER ACTIONS

Read: Report dated 05 July 2021 from Mr G Byrne Audit Services Manager regarding the Procurement Action Plans for Directorates, and an update on the ASM investigation into Council use of Single Tender Actions.
(Copy circulated)

AC/062/2021: NMDDC RISK STRATEGY POLICY

Read: Report dated 05 July 2021 from Mr G Byrne Audit Services Manager regarding the revised Risk Strategy Policy for NMDDC.
(Copy circulated)

AC/063/2021: FLEET OPERATORS LICENCE

Read: Report dated 05 July 2021 from Mr J McBride Director of Neighbourhood Services (Acting) regarding an update on Fleet Operator's Licence and Action Plan.
(Copy circulated)

INTERNAL AUDIT (CLOSED SESSION)

AC/064/2021: ASM INTERNAL AUDIT - SUMMARY REPORT

Read: ASM Internal Audit Summary Report dated 05 July 2021.
(Copy circulated)

**AC/065/2021: GOVERNANCE REVIEW
NEWRY CITY CENTRE REGENERATION PROGRAMME**

Read: Report dated 05 July 2021 from Ms D Carville Director Corporate Services regarding governance and decision making of the Newry City Centre Regeneration Programme. **(Copy circulated)**

On the proposal of Councillor McAteer seconded by Councillor Byrne 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/058/2020: Update re: Audit Recommendations

AGREED: On the proposal of Councillor McAteer seconded by Councillor Hanlon it was agreed:

- a) To note the update contained in Report dated 05 July 2021 from Mr G Byrne Audit Services**

Manager in relation to legacy audit recommendations and the risk profile of internal audit reports.

- b) To note that minor changes were made to the figures for April 2021, as contained under Section 2.8.**
- c) To note an update on Fuel Management will be tabled at the Audit Committee Meeting September 2021.**
- d) To note a Senior Management Team Risk Workshop will be held late August 2021 to review incorporating the new Risk Policy, and a review of all Audit Recommendations from a risk perspective, and update will be tabled at the Audit Committee Meeting September 2021.**

AC/059/2021: Fraud and Whistleblowing

AGREED: On the proposal of Councillor Byrne seconded by Councillor McAteer it was agreed to note the update contained in Report dated 05 July 2021 from Mr G Byrne Audit Services Manager, in relation to Fraud and Raising Concerns cases which have been detailed at Appendix 1.

AC/060/2021: Quarterly update re: Single Tender Actions

AGREED: On the proposal of Councillor Hanlon seconded by Councillor Murphy it was agreed to note the 2021-22 quarter one update contained in Report dated 05 July 2021 from Mr G Byrne Assistant Director of Finance, in relation to Single Tender Actions.

**AC/061/2021: A) Procurement Action Plan
B) ASM Investigation – Single Tender Actions**

AGREED: On the proposal of Councillor Byrne seconded by Councillor McAteer it was agreed:

To note the update in relation to Procurement Action Plans for each Directorate as per Report dated 05 July 2021 from Mr G Byrne Audit Services Manager and a comprehensive report to be submitted to the Audit Committee September

2021, at which Members will decide if an update will be tabled on a quarterly or six monthly basis.

AC/062/2021: **NMDDC Risk Strategy Policy**

AGREED: On the proposal of Councillor McAteer seconded by Councillor Hanlon it was agreed to approve the Risk Policy and Risk Strategy for NMDDC as outlined in Appendix 1 and 2 respectively as per Report dated 05 July 2021 from Mr G Byrne Audit Services Manager

AC/063/2021: **Fleet Operators Licence**

AGREED: On the proposal of Councillor Murphy seconded by Councillor Hanlon it was agreed to note the Fleet Management Action Plan and the proposal that a quarterly update will be provided to the Neighbourhood Services Committee on the implementation status of the Plan, as per Report dated 05 July 2021 from Mr J McBride Director Neighbourhood Services (Acting)

AC/064/2021: **ASM Internal Audit – Summary Report**

AGREED: On the proposal of Councillor Byrne seconded by Councillor McAteer It was agreed to note ASM Internal Audit Summary Report dated 05 July 2021.

AC/065/2021: **Governance Review:**
Newry City Centre Regeneration Programme

AGREED: On the proposal of Councillor Hanlon seconded by Councillor McAteer it was agreed as follows:

- A) To approve the amended Terms of Reference for the Governance review of Newry City Centre Regeneration Programme, to reflect that for purposes of transparency, interviews will be held in person.**
- B) To approve the costs and proposed timetable outlined at section 13 of the Terms of Reference as additional to the existing internal audit programme of work.**

PERFORMANCE (OPEN SESSION)

AC/066/2021: PERFORMANCE IMPROVEMENT PLAN 2021/22

Read: Report dated 05 July 2021 from Ms D Carville, Director of Corporate Services regarding (final) Performance Improvement Plan 2021/22. **(Copy circulated)**

Agreed: On the proposal of Councillor Byrne seconded by Councillor Murphy it was agreed to note the Performance Improvement Plan 2021-22, (including the five performance improvement objective, Consultation and Engagement Report 2021-22 and Objective Delivery Plans 2021-22.

CIRCULARS

AC/067/2021: DEPARTMENT FOR COMMUNITIES DISTRICT COUNCIL (NORTHERN IRELAND) RATE STATISTICS 2021/2022

Read: Correspondence dated 29 March 2021(LG 13/2021) from Department for Communities regarding District Council (Northern Ireland) Rate Statistics 2021/2022. **(Copy circulated)**

AGREED: On the proposal of Councillor McAteer seconded by Councillor Murphy it was agreed to note correspondence dated 29 March 2021(LG 13/2021) from Department for Communities regarding District Council (Northern Ireland) Rate Statistics 2021/2022.

AC/068/2021: DEPARTMENT FOR COMMUNITIES RECORD OF COUNICLLORS' AND COMMITTEE MEMBERS' ALLOWANCES FUNDED BY COUNCIL 2020/2021

Read: Correspondence dated 28 April 2021 (LG 15/2021) from Department for Communities regarding Record of Councillors' and Committee Members' Allowances Funded by Council 2020/2021. **(Copy circulated)**

AGREED: On the proposal of Councillor McAteer seconded by Councillor Murphy it was agreed to note correspondence dated 28 April 2021 (LG 15/2021) from Department for Communities regarding Record of Councillors' and Committee Members' Allowances Funded by Council 2020/2021.

**AC/069/2021: DEPARTMENT FOR COMMUNITIES
ACCOUNTS DIRECTION CIRCULAR 2020/21:
NORTHERN IRELAND DISTRICT COUNCILS**

Read: Correspondence dated 24 June 2021 (LG 8/21-update) from Department for Communities regarding Accounts Direction Circular 2020/21 – Northern Ireland District Councils.
(Copy circulated)

AGREED: On the proposal of Councillor McAteer seconded by Councillor Murphy it was agreed to note correspondence dated 24 June 2021 from Department for Communities regarding Accounts Direction Circular 2020/21 – Northern Ireland District Councils.

Ms Carville read out the following statement on behalf of the Chief Executive:

“Due to the current legislative uncertainty around remote meetings and the restrictions on indoor gatherings, the Chief Executive also agrees to exercise her delegated authority under Standing Orders to implement the resolution of the Committee once ratified by Council subject to any conflict of interest or legal advice that the decision is unlawful.”

Ms Slevin extended best wishes to Mr G Byrne Audit Services Manager in his new post.

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

For consideration at the Council Meeting to be held on Monday 02 August 2021.

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

**Signed: Ms B Slevin
Independent Chairperson**