

Key Controls Identified

1. Asset Management Strategy in Place to identify surplus assets
1. Monthly review of spend against budget
1. Professionally qualified and experienced staff
- 2 Project risk register in place for major projects
2. Capital Plan annually approved at Council
2. Four year Capital Plan
2. Large projects are project managed by external consultants who report to the Estates Team.
2. Monthly site progress meetings which are minuted
2. Strategic Finance Working Group scrutinises each Capital Project
3. Internal Audit of Project Governance of Capital projects scheduled for 2022/23.

Action Plans

	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Capital Plan Cash Flow forecasting	Detailed cash flow of Council capital plan to be brought to SFWG in May to display to Members the scale of the capital programme and communicate when Council's big outlay will be required.	In Progress	Gerard Byrne	30/09/2022	AD of finance currently receiving information for each project via detailed project plans/business cases. AD of finance will also meet with Councils treasury advisor to discuss options for financing the capital programme over the next 8 years.
Construction Industry - Material Shortages and Price Increases - Potential Impact to our capital Plan	NI central government have informed me that the Dept of Finance is being lobbied by the construction industry to contribute to the unforeseen increase in material costs for those construction projects (large value) which were awarded in advance of the recent price spikes, as well as term service contracts with fixed rates for undertaking works.	In Progress	Caolain Boyd	30/11/2022	Report to be brought to SFWG in September. Continue to keep Members updated of rising costs and supply chain difficulties leading to an impact on Councils Capital Plan.
Supplier/Contractor Options	AD of estates currently looking a number of option to counter act the over reliance on a small number of Contractors/Suppliers/PMs in NI	In Progress	Caolain Boyd	30/09/2022	Council has already availed of a number of construction frameworks and other options are being actively pursued.

Risk CR. 02 - Non-compliance with legislative requirements, including procurement

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Probability

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 to ensure legislative compliance. This includes complying with Procurement legislation, health and safety and fire risk assessments. best practice. Council not having adequate insurance cover.

Potential Root Cause
Failure to understand and meet legal requirements in relation to Health and Safety, Information Management, Rural Needs, Disability, Section 75, Performance and Improvement and Safeguarding. Lack of resources and inadequate training provision. Staff not complying with Council's procurement policy. Property and vehicle schedules not being up to date. Absence of effective operational procedures and policies. Fire Risk Assessments at Council buildings not being undertaken and actions not being implemented and managed. Unforeseen events and public negligence/lack of responsibility. COVID19 - increased risks in relation to H&S at properties: statutory inspections required under legislation (i.e - vehicle and plant lifts, lifting equipment, pressurised water systems, local exhaust ventilation) are not taking place due to lack of access. FRA / Legionella / Asbestos etc (are not being reviewed due to front line services being provided).

Consequence
Non-compliance leading to prosecution
Personal liability / Corporate Manslaughter
Risk of a fatality at a Council site
Reputational damage
Reduced trust and public confidence
Increased number of complaints and queries
Increased insurance premiums
Loss of income

Risk Owners
Dorinnia Carville; Andrew Cassells; Michael Lipsett

Gross/Inherent Risk
Red 25 **Last Review** 13/09/2022

Residual Risk
Red 20 **Next Review** 16/09/2022

Target Risk Level
Yellow 8 **Risk Appetite** Risk Averse

Objectives

7. Provide accessible, high-quality and integrated services through continuous improvement

Key Controls Identified

- 1. Asbestos and Legionella Policies and Management Plans in place
- 1. COVID19 - New Governance Arrangements in place in Council. Delegated authority amended through SO.
- 1. COVID19 - New legislation introduced to allow virtual committee meetings
- 1. COVID19 Risk Assessments being completed and reviewed as required
- 1. Dedicated skilled teams in place for:
 - Health and Safety, HR, Legal and Procurement
- 1. Health and Safety Committees in place and ongoing programme of training in place
- 1. Policies and procedures in place - i.e H&S Policy, Procurement Policy, Access to Information, Records Management
 - 1. Procurement training rolled out to all relevant staff
 - 2. Compliance Reporting to SMT and H&S Committees
 - 2. Procurement a standing agenda item at Councils Audit Committee
 - 3. Internal Audit Completed
 - H&S Check - 2019/20
 - Contract Management - 2019/20
 - Emergency Planning 2020/21
 - 3. Internal Audits Scheduled:
 - Contract Management - 2021/22
 - Information Governance - 2022/21

Action Plans

Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
<p>Actions from Fire Risk Assessment Audits</p> <p>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.</p>	In Progress	Kevin Scullion	30/09/2022	<p>The current level of risk regarding fire risks in our buildings is considered Low. The Fire Risk Management Policy has been approved and effective since 12th March 2020, however the associated Fire Safety Management Plan has not progressed. The priority is to seek agreement on a Fire Safety Management Plan which will guide future control of this risk.</p> <p>The Council has appointed a Council wide Contractor/s to undertake annual inspections of fire alarms and firefighting equipment. In relation to fire alarms inspections are likely to highlight a programme of work to upgrade some systems. The Council's Building Maintenance team continue to address work as required.</p>
<p>Advisory Internal Audit Review - Implement the 30 recommendations arising from the internal audit review of Health and Safety</p>	In Progress	Caolain Boyd Kevin Scullion	30/09/2022	<p>In March 2021, ASM carried out of review of progress in implementing the recommendations. Follow up discussions to take place at Facilities Management Working Group which should reconvene as soon as possible.</p>

Asbestos Policy and Management Plans	Implementation of Asbestos Policies and Management Plans	In Progress	Kevin Scullion	30/09/2022	<p>The current level of risk for asbestos, is considered Low. All buildings have been surveyed and no significant risks have been identified which cannot be managed through good building practices.</p> <p>A Contractor was appointed in October 2020 for a three-year period to undertake inspections, air sampling, training and related asbestos consultancy work. There was a defined year 1, 2 and 3 work programmes.</p> <p>Since the inception of the Conflict of Interest policy and the start of this process, approximately 96% of mandatory returns have now been made, with just 11 returns outstanding from a total of 266 requests. The HoS (Legal) has made contact with individuals by phone and email however this small number remain outstanding. Line managers have now being asked to contact individuals to apply pressure to have the returns made and it is hoped that full compliance will be achieved in the coming weeks. ongoing</p>
Conflict of Interest Declarations	All high risk staff to have declaration completed by May 2021. Voluntary declarations to be rolled out to all staff by May 2021. All Elected Members have completed and submitted declarations, which will be reviewed every six months and reported to the Audit Committee.	In Progress	Alison Robb	30/09/2022	
E-Learning Training	E-Learning training to be promoted throughout the organisation as take up is low - this is particularly relevant to mandatory training sessions.	In Progress	Catrina Miskelly	30/09/2022	
Insurance	CMT to ensure that Council Properties and Vehicles are adequately covered and schedules are up to date	In Progress	Caolain Boyd	30/09/2022	<p>Work currently under to validate Councils Operators Licence against Councils fleet insurance schedule. CMT are also leading an exercise to ensure are Property/Contents schedules are up to date.</p> <p>The current level of risk for legionella is considered Medium.</p>
Legionella Policy and Management Plan	Implementation of Legionella Policies and Management Plans	In Progress	Kevin Scullion	30/09/2022	<p>A Contractor was appointed in August 2020 for three-year period to undertake legionella control measures on behalf of the Council. This comprises monthly, quarterly, six monthly and annual inspections and works.</p>
Social Procurement Policy	Council to consider bringing in a social procurement policy following the guidance issued by the Minister of Finance in June 2021.	Proposed	Gerard Byrne	31/12/2022	<p>Legislation to be reviewed to determine if this is possible while adhering to Public Contract Regulations. Procurement team are liaising with BCC and DSCC.</p>

Action Plans

Operators Licence	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
	<p>Internal Audit carried out a review of the progress in implementing TRU and FTA recommendations in October 2018. A further review took place during November/December 2020 which has provisionally highlighted that limited progress has been made in implementing a number of recommendations from the 2018 audit.</p>	In Progress	Andrew Cassells	30/10/2022	<p>An action plan in relation to compliance to the Council's Operators licence was presented to NS in October 2021. A further Audit was carried out by RHA in January 2022 -an action plan has been considered by Committee and the Transport Regulation Unit which is currently being implemented</p>
Waste Management Plan	<p>The Waste Management Plan is organised by ARC 21. The Council is required to feed into and approve ARC 21s Waste Management Plan.</p>	In Progress	Andrew Cassells	30/09/2022	<p>A review of the arc21 Waste Management Plan (including NIMDDC) has been completed by WRAP, however Chapter 6 of the Plan remains outstanding as this requires data to be provided by DAERA. Councils are now collaborating on the procurement of technical expertise to produce an Addendum for the Plan (in the absence of a Department-led Waste Management Strategy for NI) and are also clarifying the status of the outstanding Chapter with the Department.</p>

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 timeframe set	In Progress	Anthony Mckay	30/09/2022	Live applications today are 1,105. Average processing times for 2021/22 across Councils was 17.2 weeks with Newry, Mourne and Down at 18.8 weeks. During 2021/22, Newry, Mourne and Down received the highest number of applications at 1,744 (accounting for 12.8% of all applications received across NI).
Complaints	Respond to complaints in relation to the Planning service within the corporate reporting timeframe and implement the relevant recommendations arising from the internal audit of complaints handling and management.	In Progress	Conor Mallon Anthony Mckay	31/10/2022	The number of decisions issued during 2021/22 was the highest in Newry, Mourne and Down at 1,666 (accounting for 12.9% of all decisions across NI). An internal audit of complaints handling and management was carried out during Q2 2020-21. The audit focused on complaints across a range of departments, including Planning. Performance levels have fluctuated, driven by increasing volumes of work / competing priorities on senior officer time. Process improvements have been identified and rolled out. The Corporate Complaints procedures are now implemented and embedded within the planning department. Complaints continue to be monitored. Terms of Reference to be agreed - Audit to take place in October 2022.
Internal Review of overturn decisions	Council will undertake a review/audit of overturn decisions - this is based on the NIAO Public Accounts Committee report on Planning decisions across Councils in NI	In Progress	Gerard Byrne	31/10/2022	
IT infrastructure	Upgrade of technical IT infrastructure (EPIC Replacement)	In Progress	Anthony Mckay	07/11/2022	Council has agreed to the procurement of a replacement planning computer system, in a joint arrangement with the other 10 Councils and DfI. The contract has been awarded and is to be operational by 7 November 2022.
Regional Planning Review	The Public Accounts Committee issued a regional report on Planning in Northern Ireland on 24 March 2022	In Progress	Conor Mallon	31/12/2022	Actions are being progressed at both Solace and DfI level and the first joint workshop taken place.
Specialist Planning Consultant	Business case to appoint a specialist planning consultant was approved at the December 2019 SP&R Committee.	In Progress	Conor Mallon	30/09/2022	The Consultants final report is under consideration by SMT and will be presented to Members.

Risk CR. 05 - Failure to adequately plan for the future and deliver efficiencies and improvement

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Consequence

Probability

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

Risk Description Failure to adequately plan for the future and deliver efficiencies and improvement

Potential Root Cause Difficulty recruiting key positions in Councils Management Team 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 The overall affordability of the Councils long term plans considering COVID19 / Cost of Living Crisis / inflation / pay demands.

Consequence Not promoting a single corporate identity The budget situation will continue to get worse (salaries and 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 Dorinnia Carville; Marie Ward

Gross/Inherent Risk Red 20

Residual Risk Amber 16

Target Risk Level Yellow 9

Last Review 13/09/2022

Next Review 16/09/2022

Risk Appetite Risk Hungry

Objectives

7. Provide accessible, high-quality and integrated services through continuous improvement

Key Controls Identified

1. Severance Rate agreed by Unions and Members
2. IT Project Group in place and meets monthly
2. Specialist independent IT consultants have been tasked with implementing the IT strategy

Action Plans

	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Alternative methods of recruitment	HR to look at alternative method of recruitment due to the difficulties in recruiting into key positions across Council. The difficulties are not limited to senior positions, all Directorate are struggling to fill vacant posts currently.	In Progress	Catrina Miskelly	30/11/2022	This includes the Regional Approach in relation to the Talent Management Strategy which is overseen by the LG Staff Commission. Council also have set aside funding from reserves to create an apprenticeship scheme. The first Apprentices will take up posts on the 1 September 2022. Council have also approved an Agile working policy in July 2022. Work is ongoing across the four Working Groups: a detailed update was provided to SMT in January 2022 from each Working group lead.
CMT Working Groups	Three CMT Working Groups have been established to progress key transformational projects around 'Ways of Working', 'Customer Engagement', 'Information Strategy' and 'Overtime'	In Progress	Eoin Devlin Colum Jackson Andy Patterson Kevin Scullion	31/10/2022	Service reviews are progressing and discussion is ongoing with Trade Unions. The Business Administration severance has been agreed and will be implemented between December 2022 and June 2023.
Service Reviews	Service Reviews are currently being completed across Directorate in line with paper which was approved at SP&R	In Progress	Senior Management Team	31/10/2022	The Tier 3 Business Case was approved in September 2022 and will be implemented between April and June 2023.
Voluntary Severance Call	Roll out of a voluntary severance call to communicated to staff	In Progress	Senior Management Team	31/10/2022	

Action Plans

Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Documenting Business Continuity Plans	In Progress	Caolain Boyd	30/11/2022	Stage one of the work is now complete and was presented to SMT in June 2022 in relation to critical services and systems. Work is being led by the SHEP unit
Northern Ireland Emergency Planning Structures	In Progress	Senior Management Team	30/09/2022	EPIG meeting (SMT/CMT) was stood down in relation to the Ukrainian Refugee operation, however was stood up in relation to Councils Cyber incident.

Risk CR. 07 - 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, including the NI Protocol

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Probability

Risk Categories Impact on individuals (staff or public)
Quality of Service

Risk Description 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, including the NI Protocol.

Potential Root Cause Failure to engage stakeholders (public and private sector)
Inflationary pressures and cost of living crisis.
FFNI - NMDDC is lead Council with operations team - increased risk
Impact of the City Deal
The weakness in sterling driving inflation expectations higher
Issues around the NI Protocol including:
-Loss of EU funding
-Disruption of food and medical supplies
-Community tension and public disorder
-Changes in regulations, border controls, cross border trade and movement of goods and people
-Uncertainty amongst the business community in relation to food standards, trading standards and exports
-Lack of employees with the required expertise and experience, eg Environmental Health Officers

Consequence Lack of investment in the District and lower levels of economic activity
Lack of confidence from the private sector
Some services, which were funded externally, not being delivered
Lack of leadership and direction from the NI Executive and UK Government
Inadequate levels of service provision

Risk Owners Conor Mallon; Marie Ward

Gross/Inherent Risk Red 20 **Last Review** 13/09/2022

Residual Risk Red 20 **Next Review** 16/09/2022

Target Risk Level Yellow 9 **Risk Appetite** Risk Hungry

Objectives

1. Invest in and support new and growing businesses, job creation and employment skills
4. Support sustainable forms of tourism which value our environment and cultural heritage.
6. Promote the revitalisation of our city, towns, villages and rural communities.
7. Provide accessible, high-quality and integrated services through continuous improvement

Key Controls Identified

1. FFNI Operations team in place. Operations group established with other Councils. Project Risk Register established

1. Regeneration and Economic Development Strategy 2020-25 in place

1. Rural Development Programme in place

2. Brexit Forum and Brexit Task and Finish Working Group operational

2. Engagement with other Councils, other Departments, NILGA and the Private Sector through the Chamber of Commerce

2. Establishment of Economic Forum including public and private sector stakeholders

2. Internal Brexit Working Group established and meeting regularly to plan for an respond to organisational impacts

2. Participation in Cross Council Brexit Working group, Liaising with the NI Executive Office.

3. Internal Audits Completed;

FFNI - 2019/20

Action Plans

City Deals	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
	Actively engage in Belfast Region City Deal	In Progress	Marie Ward	30/09/2022	The Head of Terms have been signed (March 2019). OBCs for NMD projects have been approved by BRCD Board and relevant Government Departments On the 15 December 2021, The Belfast Region City Deal was signed and unlocks £1 billion of transformative co-investment which will deliver more than 20 highly ambitious projects and programmes, create up to 20,000 new and better jobs and help make the region a global investment destination over the next decade. Council is now in delivery mode for key projects.
Full Fibre Network NI (FFNI)	Local Full Fibre Network to improve connectivity across all of Northern Ireland.	In Progress	Conor Mallon	30/09/2022	As lead partner, the Council continues to deliver the FFNI project which completed on 31 March 2022. The £23m of DCMS funding has delivered full fibre to 887 public sector sites. The delivery of the fibre ended in March 2022 but we are now finalising final claims and conducting project close down with Fibrus and DCMS. Project will be closed at the end of September 2022.
Support local businesses	The Council is also providing support, advice and guidance to local businesses as they anticipate and manage the changes associated with Brexit.	In Progress	Conor Mallon	31/10/2022	The Council is also working with key stakeholders in relation to future EU funded programmes carrying out evaluations and developing potential new programme proposals for submission to a range of emerging funding opportunities such as Peace plus, Shared prosperity fund, Levelling up fund, Shared Island fund etc. The Labour Market Partnership and 'go for it' programmes are also underway.
Warrenpoint Port	To ensure efficient delivery of statutorily required of food import checks on relevant Agri-Food goods entering Northern Ireland at Warrenpoint port	In Progress	Michael Lipsett	31/10/2022	Required checks are being completed at Warrenpoint Port on an on-going basis by trained and authorised staff. Regular meetings with relevant partners, DAERA, FSA, Border force, Seatruck, Warrenpoint Port, to continue to share learning and work through operational issues as they arise. Negotiations to commence in January 2022 around the FSA providing certainty of funding for a longer period. MoU signed with BCC in relation to offering staff assistance if required.

Action Plans

	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Return to Work interviews	The completion rate of RTW is very low presently.	Proposed	Catrina Miskelly	30/09/2022	SMT/CMT to follow up on RTW interviews and reiterate the importance of these being completed on a timely basis.
Training	All Managers must complete Managing Attendance training on the Councils e-learning platform	In Progress	Catrina Miskelly	30/09/2022	In progress and regular reminders sent to staff to ensure their training records are up to date.

Key Controls Identified

1. Monthly Management Accounts completed by Finance
2. Multi agency Community Hub
2. NMDDC COVID-19 Recovery Group
2. Service and Business plans now in place
2. Working with ALFCO around a Council wide position to DfC and DoF
3. Internal Audits Completed;
Emergency Planning with a focus on COVID19 - 2020/21

Action Plans

	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Management Accounts	New procedure to be developed.	Completed	Gerard Byrne	30/09/2022	ADs to provide variance analysis going forward on a quarterly basis on their own cost codes. This will feed into the Quarterly Management Accounts which are presented to SP&R
Rates Support Grant	Director of Corporate Services to write to the Minister of Finance and Communities about the reduction of the Rates Support Grant and to ascertain the grant will not be reduced going forward	In Progress	Gerard Byrne	31/12/2022	Director sent letter to Minister in August 2021. Minister has now agreed to meet with a delegation of CEO/Finance Directors of affected Councils on the 19 January 2022. Minister Hargey wrote to the Chief Executives of the seven councils qualifying for Rates Support Grant, on 21 January 2022, advising that this year as part of the January Monitoring Round allocation an additional £10m funding for Rates Support Grant for 2021/22 had been secured. As a result the total Rates Support Grant allocated to councils for 2021/22 is now £21.9m. Due to the extra funding, NMDDC received an extra £929k. RSG allocations for 2022/23 have yet to be confirmed.
Rising utility costs	All Councils are currently out of contract for Electric / Gas suppliers and have to pay monthly in arrears, no agreed costs due to the volatile markets. previously there was a Council wide tender. No specific risk has been created yet as we are unsure of the effects presently. Based on current market trends and indicative pricing from the suppliers, bills for the month of April are likely to increase by 200% for Electricity and 400% for gas. However, these are only indicative, and the percentage increase could be higher or lower at the end of April. Diesel and Heating oil have also increased significantly. These large increases have not been factored into the 2022/23 budgets	In Progress	Gerard Byrne Eoin Devlin	30/09/2022	Submission made by NMDDC along with all other Council to DfC in July 2022 - continued discussion with DfC to lobby for additional financial support.
Working Groups	Multiple Officer groups discussing these financial concerns on a regular basis.	In Progress	Gerard Byrne Senior Management Team	30/09/2022	CEO attends Solace and the AD of Finance & performance attends the Council wide Finance Working Group and ALGFO. AD of Finance & Performance and the CEO have also met with our Treasury Advisors to get an overview of the economic situation on a global scale - i.e. interest rates / borrowing etc Officers will continue to attend and input into the above groups.

Key Controls Identified

- 1. Agile working policy now in operation from 12 September 2022
- 1. Back up arrangements
- 1. Business Continuity Scenario Planning
- 1. Participation in threat intelligence networks
- 1. Penetration testing and vulnerability scanning
- 1. Phishing simulation and learning exercises
- 1. Technical security controls and arrangements
- 2. Engagement with Cyber bodies
- 2. National Cyber Security training
- 3. Internal Audits Scheduled; IT Systems and Security - 2021/22
- IT Strategy 2021/22

Action Plans

	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Business Continuity Plans	BCP plans to be updated to reflect the cyber risk	In Progress	Caolain Boyd Gavin Ringland	30/09/2022	Critical and Priority Services currently being prioritised via scenario planning - being managed by the SHEP Department. First Stage completed and was presented to SMT in June 2022
Cyber Incident	Lesson learned report commission after the recent cyber incident in May 2022.	Completed	Gavin Ringland	30/09/2022	Lessons learned report reviewed by SMT and learning was communicated to necessary stakeholders
Cyber Incident Response/Disaster Recovery	Establish and test cyber incident response and disaster recovery capabilities	In Progress	Gavin Ringland	30/09/2022	Event Scenarios and PlayBooks are being continually tested and refined where confidence of no-impact is high. Independent Cyber Maturity Assessment will be undertaken against CAF (Cyber Assessment Framework) by end of Q2.
IT Strategy	Implement additional security tools including multifactor authentication, conditional access and modern authentication where possible and appropriate	In Progress	Gavin Ringland	30/09/2022	Remote access to LAN completely MFA. Continuing to implement MFA and conditional access to Office 365. Privileged access accounts and high risk services already MFA enforced.
Training/Development Plans	Increase User resilience Continue to engage with and follow guidance from the National Cyber Security Centre (NCSC) Continue to use Active Cyber Defence tools from NCSC and supplement with vulnerability scans, actioning recommendations resulting therefrom where possible and appropriate	In Progress	Gavin Ringland	30/09/2022	Council is now subscribed to the NSCS Early Warning Network and vulnerability scanning solution currently being deployed. User Resilience remains poor despite increased warnings and additional training. Additional focus on training enforcement and consequences of non-compliance.

Corporate Services Directorate

Risk 01. Risk of breaching Information Governance Rules and Regulations (eg. FOI / EIR / DPA)

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Probability

Risk Categories
 Business operational/reputational
 Financial
 Impact on individuals (staff or public)
 Quality of Service
 Statutory Duty (Legal/Regulatory)

Risk Description
 Potential to breach DPA/EIR/FOI and other associated standards and legislation by failing to:
 -Effectively manage staff and corporate records
 -Secure records and ICT equipment
 -Manage information sharing appropriately
 -Implement a data protection impact assessment process

Potential Root Cause
 Staff unawareness of statutory obligations
 Loss or theft
 Cyber crime
 Staff/Councillors not completing training
 Accidental or deliberate non-compliance by staff/Councillors
 Non compliance with statutory timeframes including breach reporting
 Non compliance of data protection principles

Consequence
 Loss of public confidence and negative PR for the Council
 Non-compliance with legislative requirements which can lead to ICO penalties including monetary fines
 Potential for complaints and claims

Risk Owners
 Gavin Ringland; Alison Robb

Gross/Inherent Risk
 Red 20

Residual Risk
 Amber 16

Target Risk Level
 Yellow 8

Last Review 20/06/2022
Next Review 16/09/2022
Risk Appetite Risk Cautious

Objectives

- Provide a Corporate Compliance Service
 - Provide a secure IT network for Council services
 - Provide accessible, high-quality and integrated services through continuous improvement
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- ### Key Controls Identified
1. Compliance Team
 2. Access to Information and Record Management Policies and Procedures
 3. Access to Information and Records Management e-learning modules
 4. Data Protection Impact Assessment and Data Sharing Agreement established, where appropriate
 5. Breach review process
 6. Data Cleanse project
 7. Monitoring and evaluation systems created and reported to SP&R

Action Plans

	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
CCTV provision	Council site CCTV provision to be determined	In Progress	Alison Robb	31/03/2023	Once the new CCTV provision for Council sites is determined and agreed, the Compliance Team will assess the overall adequacy in accordance with GDPR and other relevant legislation.
Employee and Elected Member Training Information Strategy	Improve the completion rate of the e-learning module across all Directorates. Provide support to the Information Governance Working Group to ensure synergy between its work programme and the business objectives of the Administration Department.	In Progress	Regina Mackin Alison Robb	29/09/2022 31/03/2023	In collaboration with the L&D Team, schedule training dates to deliver bespoke FOI/EIR/DP training to staff / Councillors. The Information Governance Working Group continues to meet on a regular basis. The group provided a comprehensive overview of progress to date at the SMT/CMT meeting on 8 September 2021.
Records Management	Complete the Corporate Data Cleanse	In Progress	Alison Robb	31/03/2023	The data cleanse continues to be implemented across the organisation, with the number of disposals reported at the year end.

Risk 02. The Council may not prevent or detect fraud, bribery &/or corruption leading to financial loss & reputational damage

5					Business operational/reputational Financial Statutory Duty (Legal/Regulatory)
4			R	G	The Council may not prevent or detect fraud, bribery and/or corruption leading to financial loss and reputational damage
3			T		Transfer of planning powers gives more opportunity for fraud and bribery Major changes in organisational environment increasing fraud risk Changes in people and procedures resulting in inadequate systems and procedures Inadequate policies and procedures and failure to adhere to policies Lack of control of assets Unauthorised access to software systems and databases
2					Financial loss Reputational damage Opportunity cost Low Staff morale
1					Gerard Byrne Amber 16 Amber 12 Green 6
	1	2	3	4	5
	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

Objectives

- Ensure appropriate risk management arrangements are in place
- Provide a Corporate Legal Support Service
- Provide accessible, high-quality and integrated services through continuous improvement

Key Controls Identified

- Governance arrangements in place including:-
 - Audit Committee
 - Code of Conduct
 - Declarations of Interest
- Dedicated staff member with responsibility for fraud and whistleblowing
- Elected Members Register of Interests
- Independent Internal Auditors
- Corporate Policies in place
- National Fraud Initiative (NFI)
- Staff and Elected Member Codes of Conduct
- Fraud and Whistleblowing Updates

Action Plans

	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Declarations of Interest	All high risk staff to have declaration completed by May 2021. Voluntary declarations to be rolled out to all staff by May 2021. All Elected Members have completed and submitted declarations, which will be reviewed every six months and reported to the Audit Committee.	In Progress	Allison Robb	30/09/2022	Since the inception of the Conflict of Interest policy and the start of this process, approximately 96% of mandatory returns have now been made, with just 11 returns outstanding from a total of 266 requests. The HoS (Legal) has made contact with individuals by phone and email however this small number remain outstanding. Line managers have now being asked to contact individuals to apply pressure to have the returns made and it is hoped that full compliance will be achieved in the coming weeks. To be completed in quarter 3 2022/23
Fraud Policy and Fraud Response Plan	Update Fraud Policy and Fraud Response Plan in line with the NIAO Internal Fraud Risks	In Progress	Gerard Byrne	31/12/2022	Complete the NFI Exercise 2021 and report to the Audit Committee in September 2022.
National Fraud Initiative (NFI)	Complete the NFI Exercise 2021	In Progress	Gerard Byrne	30/09/2022	Whistleblowing Policy to be updated to take into account the guidance issued by the NI Audit Office in the following document: Rising Concerns: A Good Practice Guide for the Northern Ireland Public Sector. Updated Whistleblowing Policy to be considered by the SPR Committee in March 2022.
Whistleblowing Policy	Update and adopt the Whistleblowing Policy	In Progress	Gerard Byrne	31/12/2022	

Action Plans

	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Domestic Abuse and Sexual Violence Policy	Implementation of a Domestic Abuse and Sexual Violence Policy for Staff to support, protect and signpost staff who are subject to domestic abuse and to support	In Progress	Catrina Miskelly	31/12/2022	Implementation of Council commitment to Safe Place through development of Safe Place locations in order to support, protect and signpost people within communities and staff who are subject to domestic abuse. Ongoing.
Safeguarding Policy	Ongoing review Safeguarding policy, process and documentation for associated risks in context of the existing/emergency business plans and implications for Safeguarding related to COVID 19 pandemic.	In Progress	Catrina Miskelly	30/09/2022	
Staff training	Ongoing training of staff on the Safeguarding Policy and operational procedures	In Progress	Catrina Miskelly	30/10/2022	Ongoing

Risk 05. Breach of legislation / legislative challenge in relation to the procurement of goods and services and works

5	Red	Red	Red	Red	Red
4	Orange	Orange	Orange	Orange	R/G
3	Yellow	Yellow	Yellow	Yellow	Yellow
2	Green	Green	Green	Green	Green
1	Green	Green	Green	Green	Green
	1	2	3	4	5
	Probability				

Risk Categories	Financial Impact on individuals (staff or public) Quality of Service Statutory Duty (Legal/Regulatory)
Risk Description	Breach of legislation / legislative challenge in relation to the procurement of goods and services and works
Potential Root Cause	Lack of awareness of legislation Lack of compliance with the Council's Procurement Policy Lack of training for staff COVID19 - Pandemic leading to situations where procurement rules and procedures are bypassed to secure essential products and services
Consequence	Negative PR Financial loss to the Council Litigation Inadequate compliance with Procurement Policy
Risk Owners	Gerard Byrne
Gross/Inherent Risk	Red 20
Residual Risk	Red 20
Target Risk Level	Yellow 8
Last Review	20/06/2022
Next Review	16/09/2022
Risk Appetite	Risk Minimal

Objectives

Provide an effective Procurement Service
Provide appropriate IT to support transformational change

Key Controls Identified

1. Procurement Team
2. Financial Regulations and Procurement Policy
3. Regional and national frameworks
4. Specialist legal advice
5. Single Tender Actions reported to Audit Committee and SMT
6. Procurement training for staff
7. COVID19 - Regulation 32 purchases being utilised. Procurement holding list of expenditures bypassing normal rules
8. Procurement is a standing agenda item at Audit Committee

Action Plans

	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Contracts Management	The Limited Assurance Contract Management Internal Audit recommendations to be implemented with immediate effect. The two overarching recommendations were that Council develops a Contracts Management procedure and provides training for relevant staff on best practice.	Recommendation on	David Barter	31/12/2022	Procurement Action Plans are presented to Audit Committee on a bi annual basis to try and ensure all spend across Council is compliant with procurement regulations.
Internal capacity and expertise in the Procurement Team	The temporary absence of the Head of Procurement has created a gap in capacity and expertise.	Proposed	Gerard Byrne	30/09/2022	Temporary HoS now in place since August 2022. Another competition ongoing to fill the vacancy at Officer level.
New Procurement to Pay System	The Council has procured a new procurement system which must be mainstreamed and embedded across the organisation.	Completed	Gerard Byrne	30/09/2022	The Purchase to Pay and Sourcing Portals went live in January 2022.
Procurement Action Plans	Each Directorate has their own Procurement Action Plan which highlights where current spend needs to be regularised.	In Progress	Gerard Byrne	31/12/2022	Procurement Action Plans are presented to the Audit Committee on a bi-annual basis.
Social Procurement Policy	The Council is developing a Social Procurement Policy following the guidance issued by the Minister of Finance in June 2021.	In Progress	Gerard Byrne	31/03/2023	Social Value Procurement Policy to be developed by the procurement team in line with legislation. This will then supersede the current procurement policy and procedures. New Templates will also need to be developed.

Key Controls Identified

1. Access to many and varied learning and development opportunities
2. People Perform Grow in place
3. Robust recruitment practices in place
4. Work experience / placement opportunities
5. Flexible working practices and approaches to work life balance
6. Programmes in place to create organisational stability

Action Plans

	Action Plan Description	Action Plan Type	Action Plan Owner	Action Plan Action Date	Comments
Council Apprenticeship Scheme	Identify and explore potential apprenticeship opportunities in partnership with the Enterprise, Economy and Regeneration Department and local schools and colleges. PPG has been introduced to recognise the contribution of employees in achieving the Council's strategic objectives, in line with the Business Planning and Performance Management Framework.	Completed	Jonathan McGilly Catrina Miskelly	30/09/2022	Four apprentices have been recruited and have started their employment/training in 2022
People Perform Grow (PPG)		Proposed	Catrina Miskelly	31/12/2022	PPG was rolled out to employees at Tier 5 during 2022-23 and progress will be reported to the SMT and CMT through the Corporate Performance Dashboard.
Planning for the Future	The Planning for the Future exercise is underway to establish a more effective organisational structure.	Proposed	Marie Ward	30/06/2023	Business Administration Severance has been agreed and will be implemented between December 2022 and June 2023. The Tier 3 Business Case was approved in September 2022 and will be implemented between April and June 2023.
Promote the benefits of working at Newry, Mourne and Down District Council	Better promotion of the benefits for working at Newry, Mourne and Down District Council.	Completed	Catrina Miskelly	30/09/2022	Agile working Policy Implemented in August 2022 and effective for staff from 12 September 2022.
Staff on Temporary Contracts	SMT is currently going through a process to ensure staff who are on temporary contracts for a significant period of time have job security if there role is required long term.	In Progress	Catrina Miskelly	31/12/2022	In progress
Talent Management	Work in relation to talent management has commenced at a regional level through the survey carried out in 2021 by the University of Ulster.	In Progress	Catrina Miskelly	31/12/2022	The findings from the survey have been circulated to Councils and a regional meetings are now taking place on a regular basis.

Report to:	Audit Committee
Date of Meeting:	22 September 2022
Subject:	Prompt Payment Statistics – Quarter 1
Reporting Officer (Including Job Title):	Gerard Byrne: Assistant Director of Finance & Performance
Contact Officer (Including Job Title):	Gerard Byrne: Assistant Director of Finance & Performance

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

For decision	<input type="checkbox"/>	For noting only	<input checked="" type="checkbox"/>
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1.0	Purpose and Background
1.1	<p>'Prompt payment' is the payment of valid supplier invoices by public bodies, as set in government targets.</p> <p>This dataset contains the:</p> <ul style="list-style-type: none"> • Total amount paid by each Northern Ireland council to suppliers • Total number of invoices • Number of invoices paid within 10 working days • Number of invoices paid within 30 calendar days • Number of invoices paid outside 30 calendar days <p>Adherence to the policy is not mandatory for councils, but in a letter issued to council Chief Executives in October 2013, the Department of Environment's Local Government Policy Division said that: 'District councils are encouraged to pay suppliers as promptly as possible and to endeavour to meet the 10 day prompt payment commitment made by Northern Ireland Executive in response to the current economic position'.</p>
2.0	Key issues
2.1	<p>In 2019/20 the Council paid 90% of invoices within the payment period of 30 calendar days, compared to 86% for 2020/21. In the 2021/22 year Council paid 88.5% of invoices within the 30 day period.</p> <p>Q4 2021-22: The Council paid 4,136 invoices in total, 80% were paid within the 30-day period, with 20% of which were paid outside the payment period of 30 calendar days. The average number of days to pay suppliers decreased to 29 days.</p>

2.2	<p>Quarter 1 - 1 April 2022 to 30 June 2022</p> <table border="1"> <thead> <tr> <th></th> <th>Paid within 10 days</th> <th>Paid within 30 days</th> <th>Paid outside payment period</th> <th>Total invoices</th> </tr> </thead> <tbody> <tr> <td>Number of Invoices</td> <td>1140</td> <td>2984</td> <td>1179</td> <td>4,163</td> </tr> <tr> <td>Percentage</td> <td>27%</td> <td>72%</td> <td>28%</td> <td>100%</td> </tr> <tr> <td>Value</td> <td>£2,907,312</td> <td>£10,044,705</td> <td>£11,179,379</td> <td>£21,224,083</td> </tr> <tr> <td colspan="3">Average number of days to pay suppliers: 32</td> <td colspan="2">Performance trend: ↓</td> </tr> </tbody> </table>		Paid within 10 days	Paid within 30 days	Paid outside payment period	Total invoices	Number of Invoices	1140	2984	1179	4,163	Percentage	27%	72%	28%	100%	Value	£2,907,312	£10,044,705	£11,179,379	£21,224,083	Average number of days to pay suppliers: 32			Performance trend: ↓	
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Average number of days to pay suppliers: 32			Performance trend: ↓																							
2.3	<p>Quarter 4 and Quarter 1 statistics</p> <p>The last two quarters statistics have fallen significantly from the previous quarters. The reason for the regression is due to the implementation of the new P2P system. Finance were running two payment systems side by side. However, from 1 July, all invoices have been processed via the new Purchase to Pay system (except for stock orders). Further training has also been rolled out to staff on the new P2P system during July 2022.</p> <p>Statistics should steadily improve from Quarter 2 onwards.</p>																									
3.0	Recommendations																									
31	<p>To note:</p> <ul style="list-style-type: none"> The Q1 2022-23 Prompt Payment statistics. 																									
4.0	Resource implications																									
4.1	The Accounts Payable Team provide statistics to the Department for Communities on a quarterly basis.																									
5.0	Due regard to equality of opportunity and regard to good relations (complete the relevant sections)																									
5.1	<p><i>General proposal with no clearly defined impact upon, or connection to, specific equality and good relations outcomes</i></p> <p>It is not anticipated the proposal will have an adverse impact upon equality of opportunity or good relations <input checked="" type="checkbox"/></p>																									
5.2	<p><i>Proposal relates to the introduction of a strategy, policy initiative or practice and / or sensitive or contentious decision</i></p> <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>If yes, please complete the following:</p>																									

	<p>The policy (strategy, policy initiative or practice and / or decision) has been equality screened <input type="checkbox"/></p> <p>The policy (strategy, policy initiative or practice and / or decision) will be subject to equality screening prior to implementation <input type="checkbox"/></p>
5.3	<p><i>Proposal initiating consultation</i></p> <p>Consultation will seek the views of those directly affected by the proposal, address barriers for particular Section 75 equality categories to participate and allow adequate time for groups to consult amongst themselves <input type="checkbox"/></p> <p>Consultation period will be 12 weeks <input type="checkbox"/></p> <p>Consultation period will be less than 12 weeks (rationale to be provided) <input type="checkbox"/></p> <p><i>Rationale:</i></p> <p>Consultation not required.</p>
6.0	<p>Due regard to Rural Needs (please tick all that apply)</p>
6.1	<p>Proposal relates to developing, adopting, implementing or revising a policy / strategy / plan / designing and/or delivering a public service</p> <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>If yes, please complete the following:</p> <p>Rural Needs Impact Assessment completed <input type="checkbox"/></p>
7.0	<p>Appendices</p>
	<p>None</p>
8.0	<p>Background Documents</p>
	<p>None</p>

Report to:	Audit Committee
Date of Meeting:	22 September 2022
Subject:	Statement of Accounts for Year ending 31 March 2022
Reporting Officer (Including Job Title):	Gerard Byrne: Assistant Director of Finance & Performance
Contact Officer (Including Job Title):	Gerard Byrne: Assistant Director of Finance & Performance

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

	For decision	X	For noting only	
1.0	Purpose and Background			
1.1	At the Audit Committee meeting of 19 July 2022, Members were advised that the draft Statement of Accounts of Newry, Mourne and Down District Council were submitted to the NIAO to be audited. The NIAO audit is almost complete and the audited Statement of Accounts for year ending 31 March 2022 is presented for approval of Members.			
2.0	Key issues			
2.1	<p>As per the Northern Ireland Audit Office's (NIAO) draft Report to Those Charged with Governance (RTTCWG), there have been no material year-end adjustments.</p> <p>Therefore, the figures within the Prime Statements presented on the 19 July 2022 remain consistent.</p> <p>NIAO have recommended several disclosure amendments which have been revised within the final set of Accounts.</p>			
3.0	Recommendations			
31	It is recommended that Members note the NIAO RTTCWG and approve the Statement of Accounts for year ending 31 March 2022 for signing by the Chief Executive and Chairperson.			
4.0	Resource implications			
4.1	None			
5.0	Due regard to equality of opportunity and regard to good relations (complete the relevant sections)			
5.1	<i>General proposal with no clearly defined impact upon, or connection to, specific equality and good relations outcomes</i>			

	It is not anticipated the proposal will have an adverse impact upon equality of opportunity or good relations	<input checked="" type="checkbox"/>
5.2	<p><i>Proposal relates to the introduction of a strategy, policy initiative or practice and / or sensitive or contentious decision</i></p> <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>If yes, please complete the following:</p> <p>The policy (strategy, policy initiative or practice and / or decision) has been equality screened <input type="checkbox"/></p> <p>The policy (strategy, policy initiative or practice and / or decision) will be subject to equality screening prior to implementation <input type="checkbox"/></p>	
5.3	<p><i>Proposal initiating consultation</i></p> <p>Consultation will seek the views of those directly affected by the proposal, address barriers for particular Section 75 equality categories to participate and allow adequate time for groups to consult amongst themselves <input type="checkbox"/></p> <p>Consultation period will be 12 weeks <input type="checkbox"/></p> <p>Consultation period will be less than 12 weeks (rationale to be provided) <input type="checkbox"/></p> <p><i>Rationale:</i></p> <p>Consultation not required.</p>	
6.0	Due regard to Rural Needs (please tick all that apply)	
6.1	<p>Proposal relates to developing, adopting, implementing or revising a policy / strategy / plan / designing and/or delivering a public service</p> <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>If yes, please complete the following:</p> <p>Rural Needs Impact Assessment completed <input type="checkbox"/></p>	
7.0	Appendices	
	Appendix 1 – Statement of Accounts at the 31 March 2022	
8.0	Background Documents	
	None	

Statement of Accounts

Newry, Mourne and Down District Council

**For the Year Ended 31st March
2022**



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

**Newry, Mourne
and Down**
District Council

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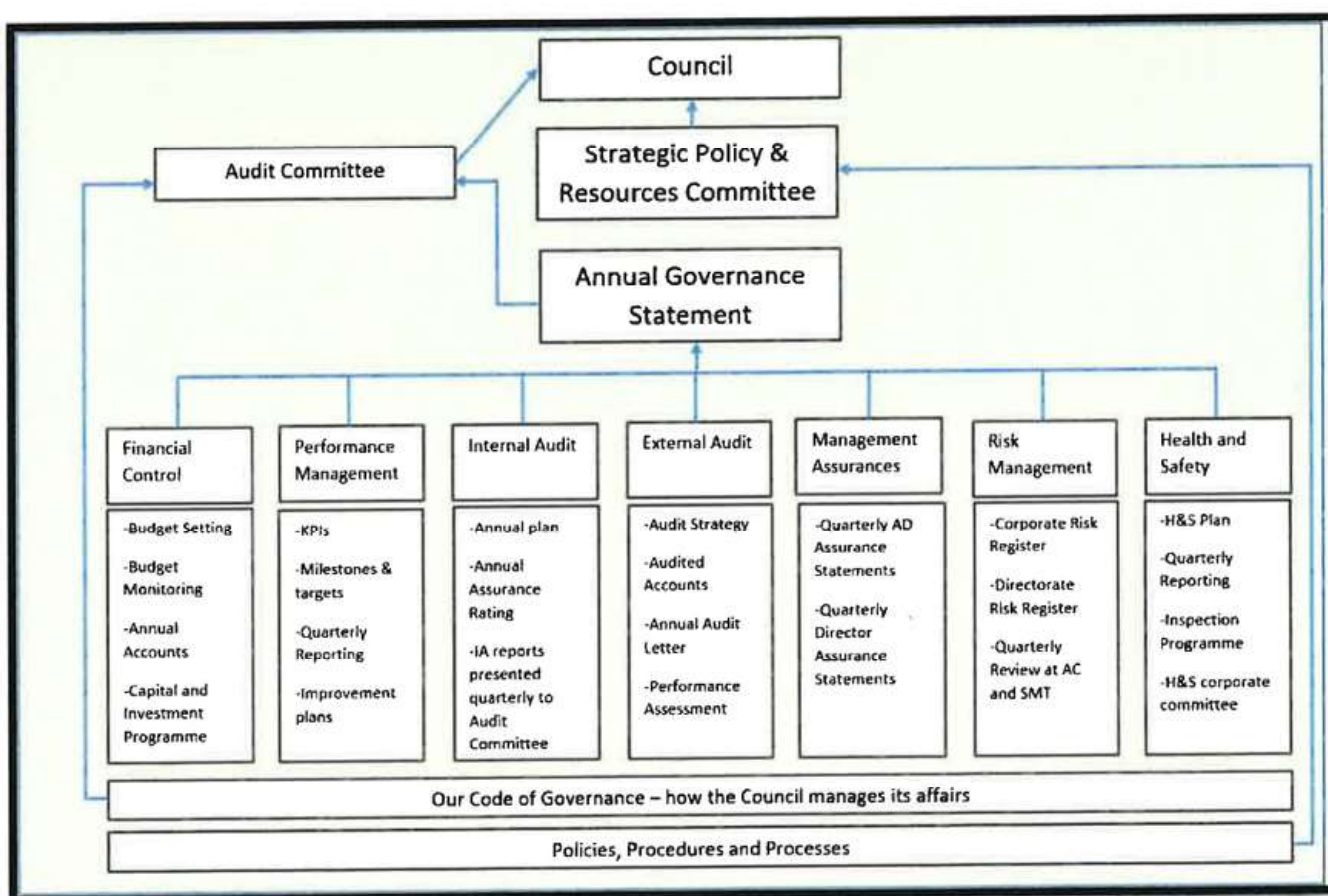
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planning across the district for the years ahead. We have delivered our Corporate Plan 2015-19, and are working towards the delivery of the Corporate Plan 2021-23.

Whilst we acknowledge that the COVID19 pandemic may continue to have an impact on the local area and Council services, our [Corporate Plan \(2021-2023\)](#) sets out the strategic direction of the organisation and will continue to guide Council's activities and the allocation of resources over the next year. To support the achievement of our community planning outcomes and corporate objectives, we will continue to work closely with government departments and partners across the public, private, voluntary and community sectors whilst investing in our staff, ensuring they have the necessary support and resources required to provide high-quality services for all.

Governance

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



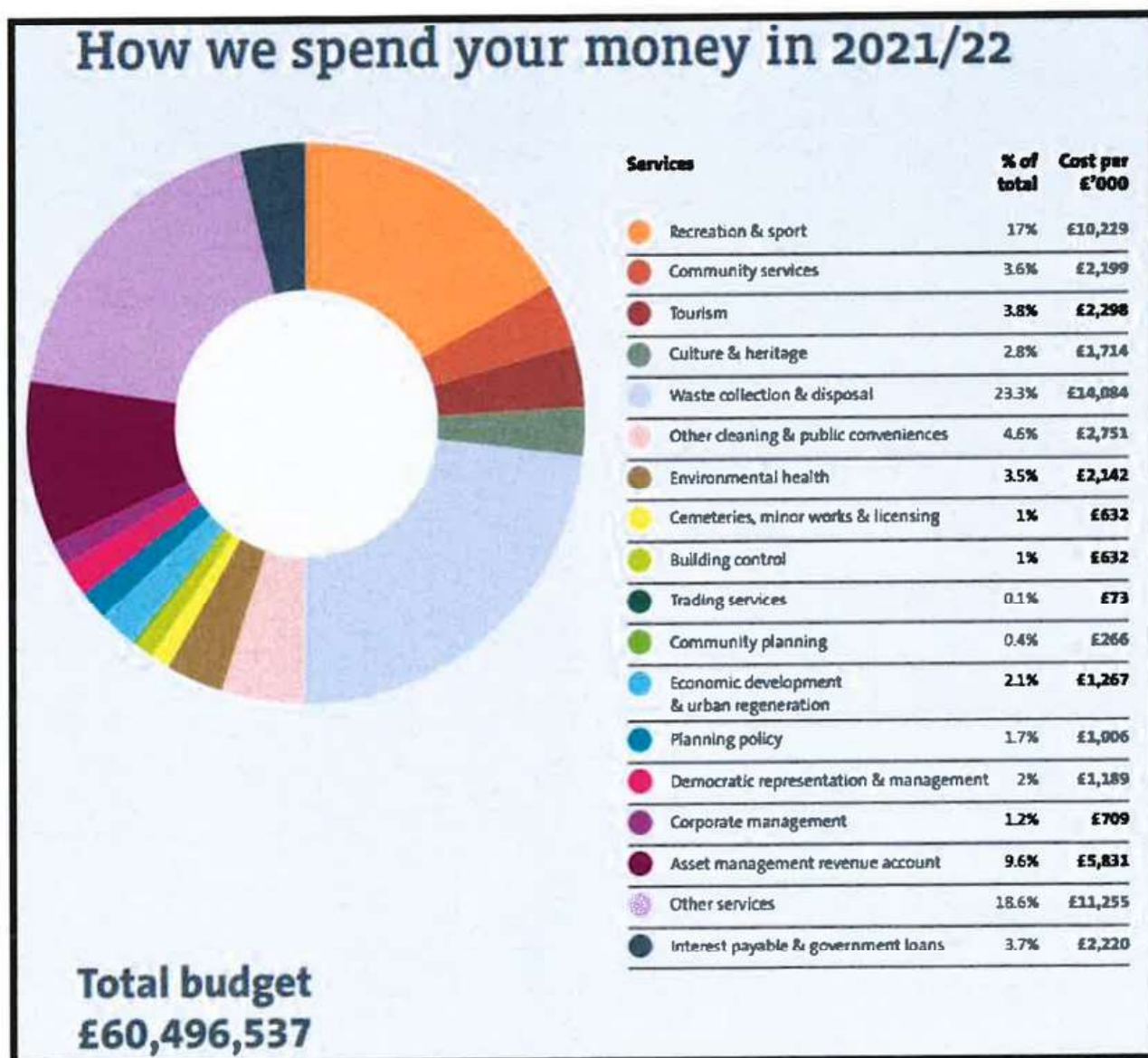
The Council's Assurance Mapping and Code of Governance was revised and approved by the Audit Committee on 5 July 2021. This was a best practice recommendation arising from the Audit Committee self-assessment carried out by the independent chair of the Audit Committee in January 2019. The Annual Governance Statement on page 22 details the Council's Code of Governance and significant Governance issues facing the Council. The Annual Governance Statement also details the special governance arrangements which were in place due to COVID19.

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 main source of income for the year ended 31 March 2022 was the District Rate from households and businesses. This budgeted income amount was £57.5m.

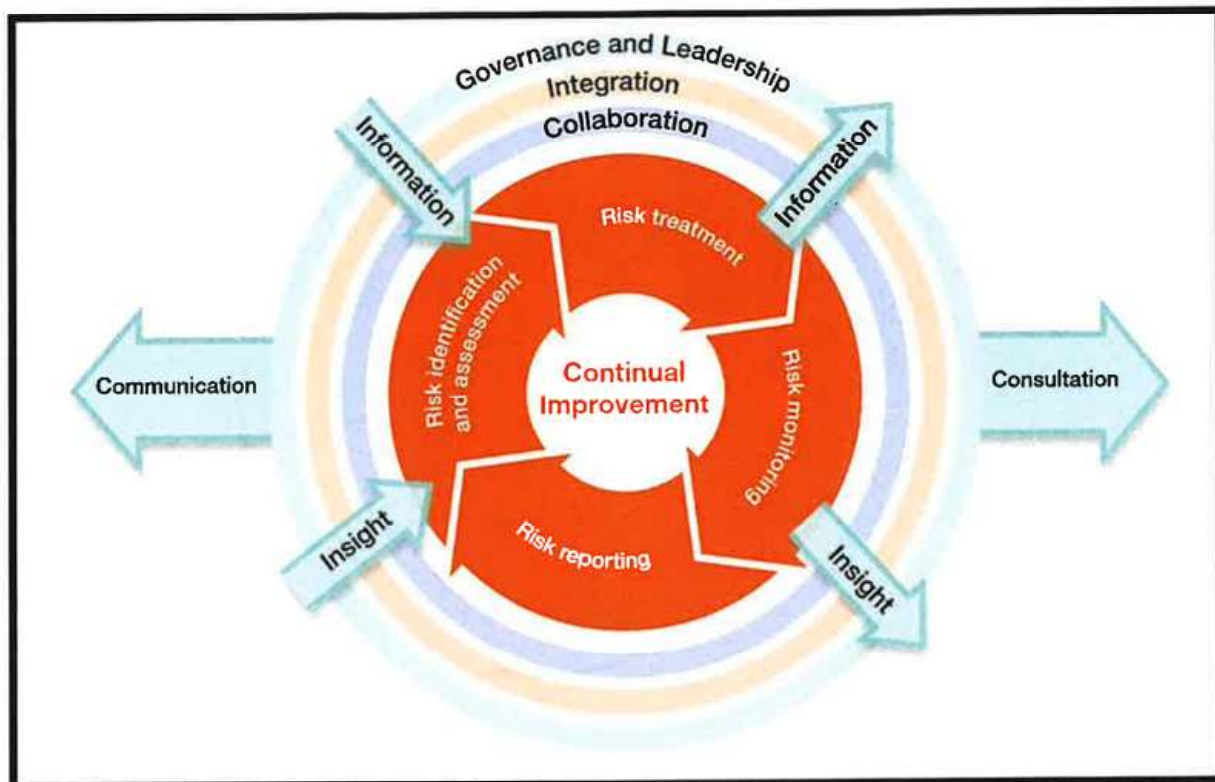
The budgeted income went towards the delivery of the following services, in the year ended 31 March 2022;



Risks and opportunities

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

The key elements of the risk management process are highlighted below:



In order to assist the Chief Financial Officer in fulfilling her responsibilities, the Council has 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 her preparation of the Annual Governance Statement. Assistant Directors and Directors provide Assurance Statements to the Chief Executive on a quarterly basis. Director Assurance Statements are considered by the SMT on a quarterly basis.

An Internal Audit of Risk Management completed in March 2021. The review received a satisfactory assurance rating and all recommendations have now been implemented. The Council's Risk Strategy was revised and approved by the Audit Committee in July 2021 to comply with HM Treasury's best Practice (Orange Book, Management of Risk; Principles & Concept) and was approved by the Audit Committee in July 2021.

The key changes to our policy include:

- The introduction of five main principles of risk management and a number of supporting principles;
- The introduction of the "three lines of defence" model which provides a simple and effective way to delegate risk management roles and responsibilities;
- The provision of clear roles and responsibilities for those involved in; and
- A risk appetite statement for Council.

The SMT reviewed and updated the Corporate Risk Register in September 2022, based on the revised Risk Strategy. The following 11 Corporate Risks were agreed:

CR. 01 - Failure to develop and deliver the capital investment programme for the District
CR. 02 - Non-compliance with legislative requirements, including procurement
CR. 03 - Failure to effectively manage waste
CR. 04 - Failure to provide timely planning decisions
CR. 05 - Failure to adequately plan for the future and deliver efficiencies and improvement
CR. 06 - Failure to adequately react to a major incident which would minimise any negative consequences/impact
CR. 07 - 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, including the NI Protocol
CR. 08 - Failure to adequately manage sickness absence resulting in delays and an inability to deliver Council services.
CR. 9. Risk that Council does not assist the post COVID 19 recovery of the district, therefore failing in its objectives to regenerate and build a prosperous district due to the inability of Council to be financially sustainable in the long term
CR. 10 - Risk of a cyber security event causing significant operational, financial and reputational damage to the Council
CR. 11 - Risk of Industrial Action leading to the failure to have necessary staffing structures and resourcing to deliver services.

Controls are in place to manage the risks were possible, and where actions have been identified to further mitigate the risk, they are being progressed by members of SMT and the Corporate Management Teams (CMT), and progress is monitored and reported on a quarterly basis. Council currently has seven risks with red residual score ratings. These risks are highlighted in the table above (**bold italics**).

Since April 2021, the Audit Committee has also considered Directorate Risk Registers, on a rotational basis, as a mechanism to strengthen the alignment with the Corporate Plan and ensure risks and be uplifted and cascaded as required.

Financial Statements

The Council's financial performance for the year ended 31st March 2022 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 2022 (the Code) and the Department for Communities Accounts Direction, Circular LG 02/2022. 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's finances during the financial year 2021/22 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 54, shows the movement in the year on the different reserves held by Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) 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 53, 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. Council's 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 55, 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, i.e. 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 rates income 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 Council's 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 2021/22 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 as user friendly as possible within these limitations.

Revaluation of Assets

A valuation exercise was carried out by Land and Property Services (LPS) as at 31 March 2022 on the Council's land and buildings. As a result, the value of land and buildings have increased from £174.3 million at 31 March 2021 to £179.6 million at 31 March 2022. In light of COVID19, LPS has included a disclaimer in their report.

"Valuations of Land and Buildings are carried out externally by Land and Property Services (LPS), in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS).

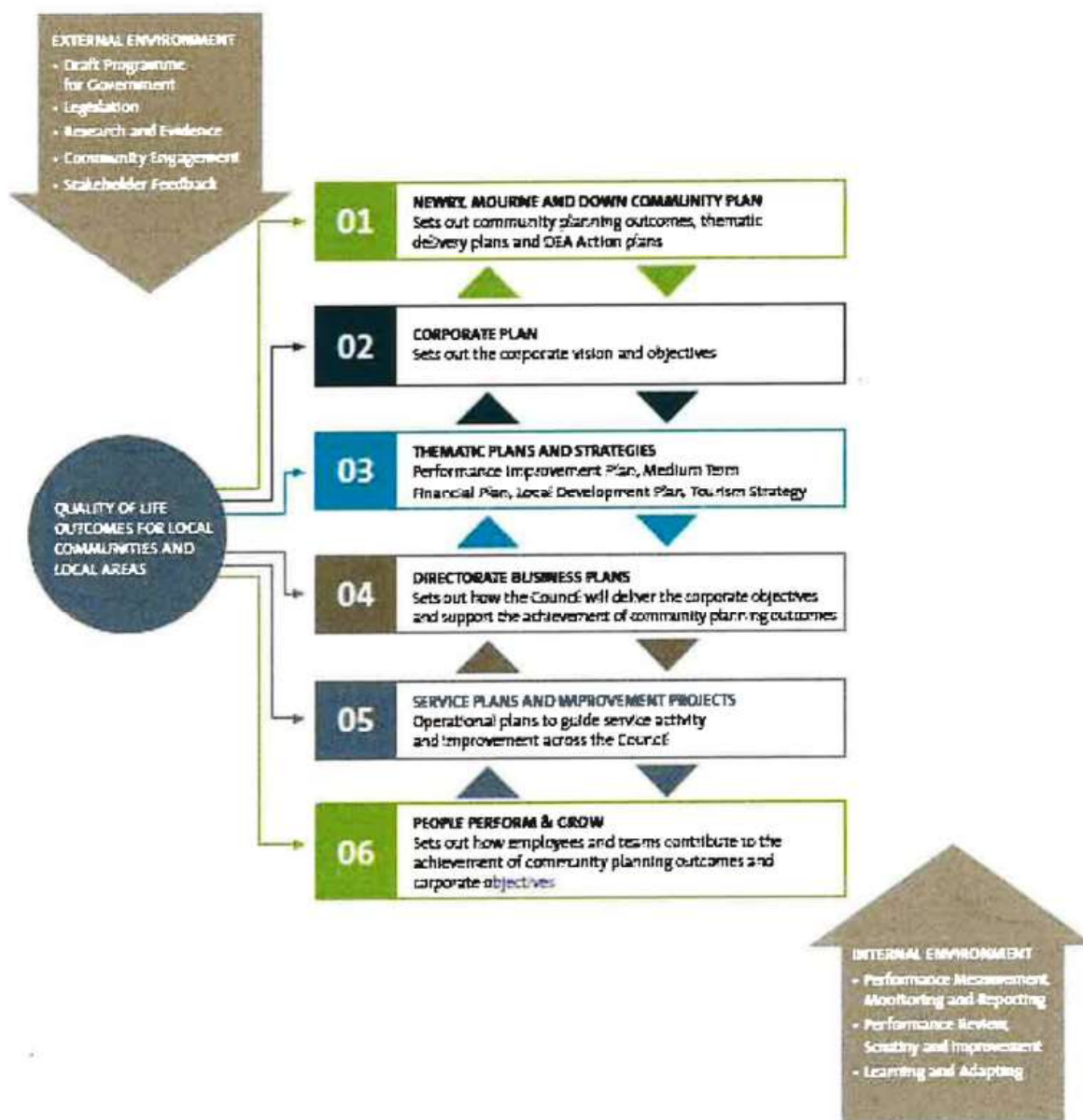
The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date property markets are mostly functioning again, with transaction volumes and other relevant evidence at, or returning to, levels where an adequate quantum of market evidence exists upon which to base opinions of value. This is true of the relevant local property market sectors relating to each of the assets types identified and valued herein.

Accordingly, and for the avoidance of doubt, our valuation is not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards."

Performance Report

It has been a challenging period of change during which the Council has continued to define its 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 Council's Business Planning and Performance Management Framework drives and provides assurance that community planning outcomes, corporate objectives and performance improvement objectives are being delivered, with the primary goal of making life better for our citizens.



Through the Business Planning and Performance Management Framework, the Council manages performance at all levels across the organisation, in order to ensure the necessary steps are taken to secure continuous improvement in the exercise of functions. Each level of the Business Planning and Performance Management Framework is, and will be,

accompanied by a relevant set of performance measures to monitor and assess the Council's progress in improving the quality of life for local communities.

The table below provides a description of the various plans and strategies that form part of the Council's Business Planning and Performance Management Framework.

Community Plan	The Community Plan for Newry, Mourne and Down sets out the long-term vision for improving the economic, social and environmental wellbeing of the District. Developed in collaboration with partners across the statutory, business and voluntary sectors, the Community Plan is underpinned by Priority Actions Areas and seven DEA Action Plans, which seek to deliver the five community planning outcomes at a local level. Progress in implementing the Community Plan is reviewed on a biennial basis.
Corporate Plan	The Corporate Plan 2021-23 sets out the vision, values and strategic objectives for the Council. Each strategic objective is underpinned by 'supporting actions' and 'measures of success'. Progress in delivering the Corporate Plan is reported annually through the NMD Connect Newsletter and Assessment of Performance.
Thematic Plans and Strategies	The Council has put in place a number of Thematic Plans and Strategies to support the implementation of the Community Plan and Corporate Plan, including the Performance Improvement Plan, Medium Term Financial Plan and Regeneration and Economic Development Strategy. These plans provide the strategic context for multiple programmes of work across the organisation.
Directorate Business Plans	Business Plans are developed annually to demonstrate how Directorates contribute to the achievement of community planning outcomes, corporate objectives and performance improvement objectives. Directorate Business Plans include suites of key performance measures to measure progress and drive continuous improvement, with performance being monitored and reviewed bi-annually by the relevant Committee.
Service Plans and Improvement Projects	Service Plans and Improvement Projects are operational and set out the direction for service areas across the Council. They outline how each service contributes to the delivery of community planning outcomes, corporate objectives and performance improvement objectives, include key performance measures and provide a mechanism to manage performance consistently across the organisation.
People Perform Grow	The Council recognises the significant role employees play in contributing to the achievement of the Community Plan, Corporate Plan, Thematic Plans and Strategies, Directorate Business Plans and Service Plans. People Perform Grow will demonstrate the link between the work of employees and how they contribute to the achievement of key plans and strategies, as well as the outcomes experienced by local communities.

Community Plan

The Living Well Together Community Plan outlines the vision for Newry, Mourne and Down to be '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 needs'. The Community Plan can be downloaded on the Council's website as follows: <https://www.newrymournedown.org/living-well-together>

Since launching the Community Plan, community planning partners and local communities have come together to deliver high quality services and positive outcomes for all. This

ensures that local people have a say on the programmes and policies that are delivered in their area, based on the understanding that more can be achieved when we work together in partnership.

The Council has worked closely with community planning partners to develop more focused priority action areas in relation to mental health, physical activity, tourism and access to quality housing. The Council has also taken a lead role in implementing new initiatives including Participatory Budgeting and the Community Support Partnership.

As part of our statutory responsibilities under the Local Government Act (NI) 2014, the Council is required to monitor progress against the outcomes and indicators within the Community Plan every two years. The 2019- 2021 Statement of Progress provides an overview of the key achievements of the Community Planning Partnership and can be downloaded on the Council's website as follows: <https://www.newrymournedown.org/delivering-your-plan>

The key achievements of the Community Planning Partnership during 2021-22 can be summarised as follows:

- Hosting the SpeakNMD civic engagement platform which has facilitated multiple consultations, surveys and polls. Through SpeakNMD, over 6,000 votes were cast for 52 projects through the Communities Leading Change Participatory budgeting project, which resulted in £57K being allocated to 39 successful community projects;
- A Housing Needs conference took place in Newcastle with over 90 representatives in attendance from the statutory, community and voluntary sectors, as well as MPs and elected members;
- Over 30 cohorts engaged in the multi-agency Community Support Partnership which seeks to support vulnerable adults;
- The establishment of the NMD Youth Voice initiative to engage 16- 21 year olds in a two year programme, giving young people a voice in local decision making across the district; and
- Through the Digital Poverty Project, over 100 laptops/mobile phones were provided to the people who needed them the most, as a result of the impact of the pandemic.

Corporate Plan

Newry, Mourne and Down District Council's Corporate Plan 2021-23 was approved by the Strategy, Policy and Resources Committee on 17 December 2020 and sets out the following mission statement: 'To support and advocate for a welcoming District which is progressive, healthy and sustainable, providing better economic, environmental and social outcomes for all'. Progress in delivering the eight strategic objectives within the Corporate Plan is monitored, reviewed and reported on an annual basis through NMD Connect and the Assessment of Performance.

Performance Improvement Plan

Part 12 of the Local Government (NI) Act 2014 sets out a General Duty of Improvement for local government, whereby all District Councils are required to put in place arrangements to secure continuous improvement in the exercise of their functions. Each financial year, Councils are required to set performance improvement objectives for the services they provide. The guidance states that performance improvement is more than quantifiable gains in service output or efficiency, or in the internal effectiveness of an organisation. Improvement should focus on activity that enhances the sustainable quality of life and environment for communities.



The 2022-23 performance improvement objectives have been carried forward from 2021-22 and were developed within the context of the Corporate Plan 2021-23 and 'proposals for improvement' which were put forward by the NI Audit Office, taking into account the impact of COVID19 on our District, communities and services.




The Performance Improvement Plan 2022-23 was approved by the Strategy, Policy and Resources Committee on 16 June 2022 and published on the Council's website ahead of the statutory deadline of 30 June 2022. The performance improvement objectives do not describe every improvement the Council plans to make during 2022-23. Alternatively, they provide an overview of how the Council will address the issues which matter most to local communities. The Performance Improvement Objectives 2022-23 are:

1. We will encourage local people to lead healthy and active lives by improving the quality of our parks and open spaces;
2. We will grow the economy by supporting local businesses and creating new jobs;
3. We will improve the cleanliness of our District by addressing littering, fly tipping and dog fouling incidents;
4. We will build the capacity of local communities through the Financial Assistance Scheme; and
5. We will improve the processing times of planning applications and enforcement cases by implementing the Planning Service Improvement Programme.

Performance 2021-22

Through the annual Assessment of Performance 2021-22, which will be published in September 2022, the Council will monitor progress in delivering the Corporate Plan 2021-23 and Performance Improvement Plan 2021-22, including the statutory performance indicators and standards. The table below provides an overview of performance during 2021-22.

Performance Improvement Objective	Progress	Status Trend
 <p>We will encourage local people to lead healthy and active lives by improving the quality of our parks and open spaces</p>	494% increase in recorded attendances at Council leisure centres ***	△
	79% increase in recorded visits to Kilbroney and Slieve Gullion Forest Parks ***	△
	78% increase in recorded visits at Warrenpoint Municipal Park ***	△
	119% increase in recorded visits at community trails	△
	3 'blue flag' beaches and 5 'green flag' parks	😊
	83% of visitors are satisfied with the Council's forest parks	😊
	2 new play parks built and 1 play park upgraded	△
 <p>We will grow the economy by supporting local businesses and creating new jobs</p>	215 new jobs promoted through business start activity	😊 △
	12 new social enterprise businesses supported and 13 new social enterprise jobs created	😊
	409 businesses supported and 189 jobs created through the 'NMD Growth', 'Digital Growth', 'Tender for Growth' and 'Sales Accelerator' programmes	😊 △
	Increase in the number of VAT and/or PAYE registered businesses, birth rate of new businesses and employee jobs	😊
	'Make it Local' campaign rolled out	😊

 <p>We will improve the cleanliness of our District by addressing littering, fly tipping and dog fouling incidents</p>	118 fixed penalty notices issued and 100 paid	△ 😊
	94 community clean ups supported	△ 😊
	Slight decrease in the rate of recycling, to 49.1%*	△ 😐
	One of the lowest levels of waste sent to landfill across all NI Councils	😊 ▽
	LEAMS (street cleanliness) score of 64 retained and falls just below the regional average of 66**	△
	Anti-littering and responsible dog ownership campaigns rolled out	😊
 <p>We will build the capacity of local communities through the Financial Assistance Scheme</p>	£1.54m awarded to 374 projects across 20 thematic areas	😊
	69% of applications to the financial assistance scheme were successful	△ 😐
	£936k awarded towards major and minor capital projects	😊
	36,486 volunteers hours recorded to deliver projects and 54,908 beneficiaries of the scheme	😊
	6 capacity building sessions delivered to 140 participants	😊
	98% of applicants are satisfied with the support received from the Programmes Unit	😊
 <p>We will improve the processing times of planning applications and enforcement cases by implementing the Planning Service Improvement Programme</p>	The Council received and decided on the highest number of planning applications and approved the second highest number of planning applications across the 11 Councils	😊
	The processing time for local planning applications improved from 19 weeks in 2020-21 to 18.8 weeks between Q1-Q3 2021-22	😞 △
	The processing time for major planning applications improved from 64.6 weeks in 2020-21 to 44.3 weeks between Q1-Q3 2021-22	😞 △
	The percentage of enforcement cases processed within 39 weeks increased from 40.9% in 2020-21 to 48.5% between Q1-Q3 2021-22	😞 △
	The number of enforcement cases in the system for 12 months or more improved by 13.6%	😞 △

*The 2021-22 data in relation to the statutory performance indicators for waste management remains provisional, as the end of year validated data will be published by DAERA in Q3 2022-23.

** LEAMS score remains provisional as Cleaner Neighbourhoods Report 2021-22 has not yet been published

*** COVID19 a major contributing factor in the increases, as the facilities were not at full capacity during 2020/21

Directorate Business Plans

All Directorates continued to monitor and report progress in delivering their respective Business Plans during 2021-22. Below is a snapshot of some of the successes from each Directorate for the 2021-22 year:

Enterprise, Regeneration and Tourism Directorate

- Delivery of the COVID-19 Recovery Action Plan complete.
- Implementation of the Economic Development and Regeneration Strategy underway.
- 6 public realm schemes delivered in rural villages.
- Outline Business Case for the Mourne Gateway Project approved and £8m in place to invest in local tourism facilities.
- Successful delivery of Halloween, Christmas and St Patrick's Day events.
- 2,300 pupils visited the Council's Museums through the COVID-19 Recovery Schools Engagement Programme.
- Over 13,000 customers attended performances, workshops and events in the Council's Arts Centres.
- The Park and Share car park at Bann Road, Castlewellan is complete.
- 23 Pavement Café Licenses were issued to business owners.

Active and Healthy Communities Directorate

- Leisure facilities re-opened and attendances increased by 505%, from 30,618 in Q1 to 185,390 in Q4. The large increase can be attributed to these facilities not being open at full capacity during the 2020/21 year.
- 2 new play parks built and 1 play park upgraded.
- 211,718 recorded visits at community trails.
- 322 participants engaged in physical activity and wellbeing programmes.

Neighbourhood Service Directorate

- Refuse collection services continued, as normal, throughout the pandemic.
- Phase 2 extension of Warrenpoint Cemetery complete.
- Implementation of the Fleet Replacement Programme and Directorate Procurement Action Plan underway.
- Increase in the number of fixed penalty notices issued, to 118.
- New service models for Facilities Maintenance and Management and Cleansing have been identified.

Corporate Services Directorate and Chief Executives Department

- Ongoing compliance with the statutory Duty of Community Planning and Statutory Duty of Improvement.
- People Perform Grow rolled out to employees at tier 4 and above, with 100% of eligible employees in the Directorate participating in the process.
- Implementation of the new PECOS system complete and 88.5% of invoices paid within 30 calendar days.
- Increase in the number of days lost due to sickness absence.
- 2,624 social media notifications issued and increase in the number of users registered with the Council's social media platforms, from 53,310 in Q1 to 58,002 in Q4.
- Continued delivery of Capital Programme and disposal of £1.2m of surplus assets.

Corporate Performance Dashboard

During 2021-22, the Council developed and introduced the Corporate Performance Dashboard to provide an overview of the organisational health of Newry, Mourne and Down, using a suite of 18 statutory and self imposed performance measures across a range of key functions. The Corporate Performance Dashboard is aligned to the objectives within the Corporate Plan 2021-23 and risks within the Corporate Risk Register. Through the dashboard, performance is monitored and reported to the SMT and CMT on a quarterly basis, acknowledging areas of good performance, recognising areas of under performance and identifying opportunities for continuous improvement in the delivery of key functions.

Customer Surveys

In September 2018, the Council commissioned a Residents Survey to establish a robust and reliable evidence base in relation to resident perceptions about their local area, the performance of the Council and key priorities for improvement in the future. A representative sample of 764 residents revealed that:

- 87% are satisfied with the Council overall and 73% trust the Council;
- 75% agree that the Council makes Newry, Mourne and Down a good place to live; and
- 61% believe the Council provides good value for money, which is above the GB average of 51

The second Residents Survey is scheduled to be carried out by September 2022 to monitor resident perceptions, satisfaction with Council services and the local area as a place to live. Feedback from the Residents Survey will be used to inform the development of future plans and strategies, particularly the Corporate Plan and Performance Improvement Plan.

During 2021-22, the Council also carried out Customer Satisfaction Surveys for the following services and feedback is currently being used to identify improvements:

- Planning
- Forest Parks and Beaches

Through the Health and Wellbeing Working Group, the Council carried out an Employee Wellbeing Survey and the results have been used to inform the Agile Working Policy and the employee Health and Wellbeing programme of work.

Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate to ratepayers how the funding available to Council (i.e. government grants, rates and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities 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 2022, the Council's Usable Reserves increased by £7,513k to £35,644k. The budget plans formed part of the annual estimates for 2021/22. The total gross expenditure budget for the Council was set at £75,483k. This was budget which was agreed as part of the rates estimates process in March 2021.

The Council reported a £8,604k underspend on service delivery at year end. Performance against budget for each of the Committees is continuously monitored throughout the year. Management Accounts are presented and scrutinised quarterly at the Strategic Policy and Resources Committee (SP&R). The year-end Management Accounts position was presented to Committee on 16 June 2022. The overall favourable position for the year ended 31 March 2022 can be attributed to:

- Covid-19 Funding Support from the Department of Communities of £2.5m has been included. Council also received DEARA grant aid in relation to Covid-19 totalling £581k in January 2022. A further £379k was received in relation to the HMRC job retention scheme.
- Forecast Actual Penny Product (APP) Finalisation for 2021/22 was £1.2m. Council also received £179k as part of a De Rating Grant Finalisation.
- Savings of £1.3m had been found within Council's Minimum Revenue Provision.
- Council did not need to avail of any loans in year, therefore savings of loan interest of £161k.
- The Minister for Communities awarded the relevant Councils an additional allocation in Rates Support Grant in March 2022, this resulted in surplus of £344k.
- Council had a surplus of £2,327k in relation to wages and salaries for the year.
- Overall income (excluding grants) is showing £1,510k favourable based on the budgeted figures, mainly due to positive variances in leisure income, planning, Building Control, Trade Waste and tourism income.

The Cost of Services on Continuing Operations of £68.7m (2020/21 - £64.1m), 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.

Borrowings

For the 2021/22 year the Council has an authorised borrowing limit of £114.2m. 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 £105.7m, this ensure the Council only borrows for capital purposes.

The Council currently holds £69.7m of loans, a decrease of £4.4m on the previous financial year, as part of its strategy for funding previous years' capital programmes.

The Authority may also borrow additional sums to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £114.2m. During the year the Council repaid external loans of £4.4m. The Council did not borrow any further loans to fund ongoing capital projects for year ending 31 March 2022.

Capital Expenditure

The Council has an ambitious four-year capital programme of £56.3 million (March 2021). 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 capital plan is continually reviewed by the Strategic Finance Working Group.

The total net expenditure reported in the Comprehensive Income and Expenditure Statement includes allocations of £4.5m to fund capital expenditure.

The most significant capital projects which were completed during the year included;

- Annalong Harbour £578,000
- Ballykinlar Hut £200,000
- Loanda Crescent Playground £175,000
- Ballymartin Playground £150,000

Strategy and resource allocation

The Medium Term Financial Plan was approved by Council on 1st March 2021. 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 considered past outturn, current spending plans and likely future demand and pressures.

When setting the district rate for 2021/22 consideration was given to the following key financial factors and uncertainties for the Council:

- The impact of COVID19 Council's operations and finances in the 2020/21 financial year. The future impact of COVID19 on operations, on our rate base and on our finances was uncertain, and many assumptions were included within our budgets for 2021-22.
- There was no agreed budget by the NI Executive at March 2021. The absence of an agreed budget had the potential to impact on the ability of the DfC to issue Rates Support Grant to Councils. Councils were advised of the percentage allocations of Rates Support Grant being made available by the DfC for 2021-22 but not the amount of funding.
- Various uncertainties remained as to the impact of Brexit on the NI Economy Councils rate base and funding streams. Furthermore, included within our 2021-22 estimates was various areas of funding received from the European Union under programmes which we had been advised would continue during the 2021-22 year.

Other factors leading to the 2021/22 rate increase included;

- The assumption that Councils will continue to receive financial assistance from Central Government in 2021-22 in relation to the impact of COVID19 on income levels have been made and included in budgets.
- A 2% pay increase for Local Government employees has been estimated and was included within the budgets for the 2021/22 year.
- The increased tonnages and associated costs of waste and recycling across the district as a result of the COVID pandemic has been estimated to continue into 2021-22 and is included in the budgets.
- In Autumn 2018, a successful Judicial Review challenge to the Rates Support Grant allocation resulted in a significant reduction to the calculated proportion of RSG to be paid to NMDDC.

A detailed cashflow was prepared by management and reviewed with the Chief Executive to provide her with assurance as to Council's ability to continue as a going concern. This was reviewed and updated throughout the year.

Outlook

The Council is fully aware that it is operating in a continually challenging environment with two economic shocks which are presently impacting all organisations (COVID19 / cost of living crisis). Their impact has significantly impacted on Council's operations and finances in the current year. The future impact of both economic shocks on operations, on our rate base and on our finances is uncertain, and many assumptions were included in our budgets for 2022-23.

For the year ended 31st March 2022, Council received the following funding from Central Government in relation to COVID19;

- £1,753k (2020/21 -£5,606k) from DfC in relation to COVID19 funding support;
- £538k (2020/21 - £2,803k) from DfC in relation to the COVID19 Recovery Revitalisation programme and Community Support funding;
- £3,515k (2020/21 – no comparable funding) from DfC in relation to the Council's Covid Recovery Small Settlements Regeneration Programme in March 2022.
- £581k (2020/21 - £1,347k) from DEARA; and
- £379k (2020/21 - £1,891k) from HMRC in relation to the furlough scheme.

Any funding which has not been spent in year has been included in the reserves at year end. This funding is detailed at note 26c in the financial statements. Further detail on how the COVID19 funding was spent in year is detailed in note 2c.

Various uncertainties remain as to the impact the NI protocol and 'grace periods' will have on the NI Economy and the Council. It is too early to understand the full implications on jobs and investment in the district until negotiations are finalised and 'grace periods' come to an end.

The Council continues to face a range of significant budget pressures including general inflation, utility price upsurges, increases in demand for everyday services as the population grows, and increases in core costs such as wage increases, the national living wage and pension contributions. The Council will also face significant year on year increases in costs in several areas such as waste disposal costs and construction costs.

However, the Council is committed to delivering business as usual where possible and will continue to achieve the strategic objectives outlined in the Corporate Plan 2021-23. The

Council strives to deliver the highest standards and some of our key achievements for the year ending 31 March 2022 are highlighted below:

- Successful re-opening of Council facilities, including leisure centres, community centres, arts centres and museums.
- 505% increase in attendances recorded at leisure centres between Q1 and Q4, this can largely be attributed to these facilities opening in a limited capacity during 2020/21.
- 1.8m visits recorded at Kilbroney Park, Slieve Gullion Forest Park, Carlingford Lough Greenway, Warrenpoint Municipal Park and Community Trails.
- 3 'blue flag' beaches and 5 'green flag' parks.
- The development of the new Tourism Strategy for the District has commenced.
- 215 new jobs promoted through the business start programme and 189 jobs created through the 'NMD Growth', 'Digital Growth', 'Tender for Growth' and 'Sales Accelerator' programmes.
- The Council received, decided on and approved the highest number of planning applications across the 11 Councils.
- 54,908 beneficiaries of the £1.54m awarded to 374 projects through the Financial Assistance Scheme.
- One of the lowest levels of waste (2,062 tonnes) sent to landfill across the 11 Councils.

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 Council optimises its resources to deliver on its eight key Corporate objectives. A few of the current significant initiatives Council are currently developing are outlined below;

1. City Deal – The signing of the Belfast Region City Deal (BRCD) document on 15 December 2021 is the first of its kind in Northern Ireland and confirms partners' joint commitment to fully implement and deliver on all aspects of the City Deal proposals. The £1 billion of co-investment secured from central government and the BRCD partners, will deliver a bespoke package of funding across the BRCD Region. BRCD funding has enabled Council to progress on the following ground-breaking projects that will be transformational for our district:
 - **The Mourne Mountains Gateway** will redefine visitors' experience of the Mourne Mountains whilst supporting the sustainable growth of tourism and protecting the natural heritage and habitat of the region. The project will deliver a world class visitor attraction, and will create improved, and more sustainable access to the Mournes.
 - **Newry Southern Relief Road** will link the A1 bypass with the A2 Warrenpoint dual carriageway providing an alternative strategic route for traffic that reduces pressure on Newry city centre, facilitates onward travel to Dublin and improves access to other regional gateways.
 - **Newry City Centre Regeneration** will deliver a civic hub, theatre and conferencing facilities which, together with new public realm and grade A office provision, will revitalise the city. The regeneration will also create and sustain jobs, increase visitor numbers, appeal to residents and stimulate the evening economy.
 - **Digital and Innovation Projects** will play a critical role in contributing to economic inclusion and sustainable growth. The key interventions of the Digital Programme include; The Belfast Region Innovation Challenge Fund, Enabling Infrastructure and Regional Innovation Hubs.
 - **Skills and Employment projects** will create skills for growth, inclusion and for a digital future are key priorities for BRCD partners

2. Newry City Park – On the 14 December 2021 the Department of Finance announced a £16.2 million funding package for the Albert Basin Park Project in Newry as part of the Executives City/Growth Deal Complimentary fund. The funding will help Council realise our vision for a world-class city park, central to our Newry City Centre Regeneration plans. Members agreed in June 2022 to submit the Outline Business Case to the Department for Communities for consideration and approval.
3. Full Fibre Northern Ireland (FFNI) – Fast, reliable digital connections have never been more important and it is crucial that our district is keeping pace. The Council is a lead member of the FFNI Consortium, which is comprised of the 10 local authorities outside of Belfast.

The Consortium has been awarded £23m from the Department for Digital, Culture, Media and Sports (DCMS) to drive greater investment in fibre and digital infrastructure across Northern Ireland. The Consortium's phased delivery has initially managed two DCMS funded programmes - Local Full Fibre Network (LFFN) and Rural Gigabit Connectivity (RGC). It will also manage the delivery of future digital initiatives and ensure a vital local link for future digital projects at a local authority level.

The £23m of DCMS funding has delivered full fibre to 887 public sector sites, which includes council buildings, community centres, GP Surgeries, Ambulance stations and Fire Stations across Northern Ireland, using the "Public Sector Anchor Tenancy" approach. This represents phase 1 of a proposed longer-term programme of digital related investment."

4. The Peace IV Programme – is a cross-border initiative designed to support peace and reconciliation in Northern Ireland and the Border region. Council has been awarded £ 4.7m of EU funding to deliver the PEACE IV Local Action Plan – Beyond Tolerance. Ensuring that cross-community engagement continues throughout the district in a meaningful way, the aim is to provide a welcome, enjoyable and worthwhile social and educational outlet for the community in these challenging times.

As the lead partner, we are responsible for delivering those elements of the PEACE IV Action Plan that will promote peace and reconciliation in three key areas:

- Children and Young People;
- Shared Spaces and Services; and
- Building Positive Relations.

In line with all other Councils in Northern Ireland and the wider public sector, Council is facing several challenges. Public finances are under increasing pressures as a result of the pandemic and the cost of living crisis, ongoing tightening of Government spending agendas, amongst other challenges. Key risks and planned mitigations are included in our Annual Governance Statement on Pages 22 to 39.

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.

These accounts were approved by the Chief Executive on 29th June 2022.

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.

NORTHERN IRELAND LOCAL GOVERNMENT BODIES'

ANNUAL GOVERNANCE STATEMENT

The Council's Annual Governance Statement follows the Code of Practice on Local Authority Accounting in the UK 2021/22 and DfC accounts directions. The Annual Governance Statement 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 2020/21; and
- Significant governance issues for the year end 2021/22.

Scope of Responsibility

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.

Newry, Mourne and Down District 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, Newry, Mourne and Down District 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 new 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 the 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 local government body is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

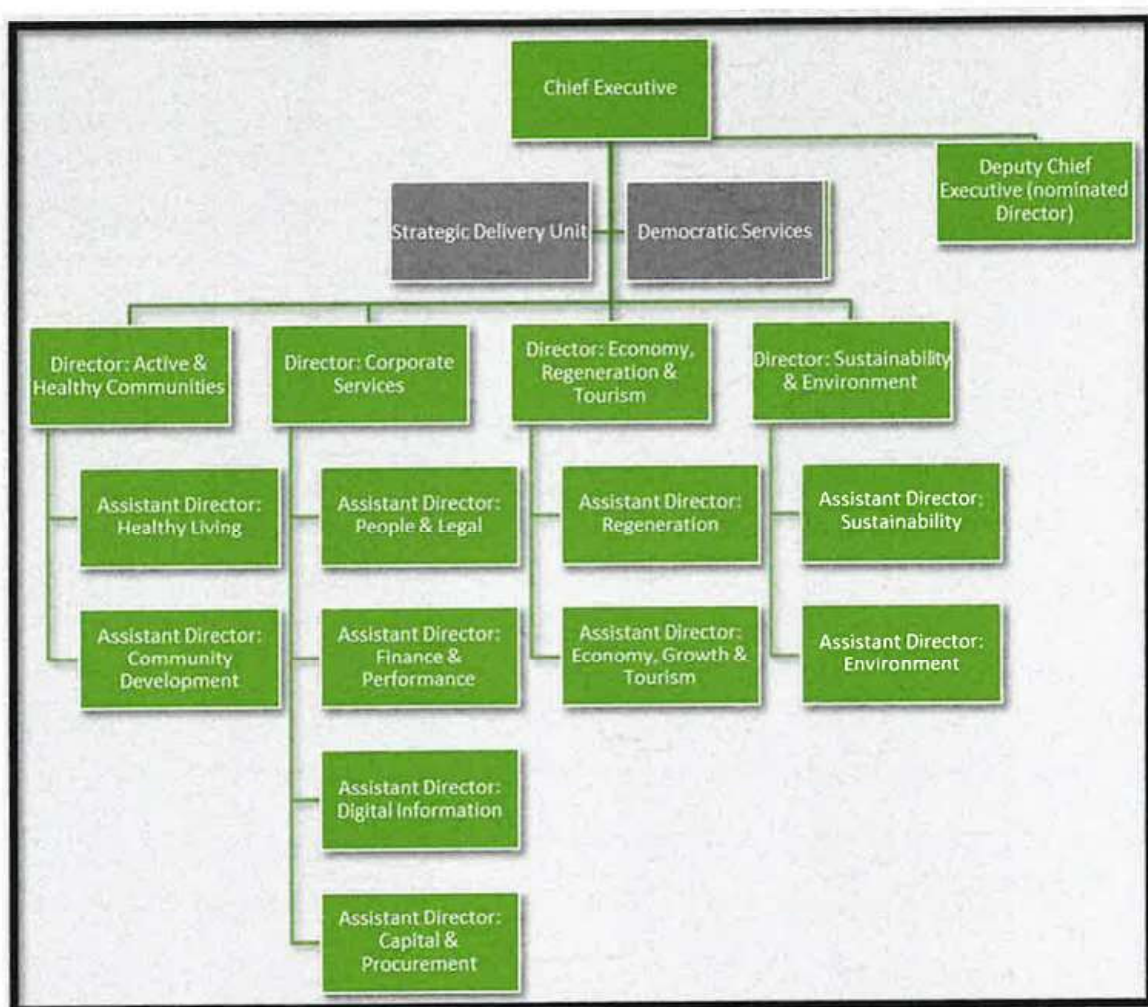
The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the local government body'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 2022 and up to the date of approval of the financial statements.

The governance framework

The Council's 41 elected members and its committee and management structure ensures sound governance, ownership and scrutiny in the decision-making process across the entire organisation. The committee and management structure demonstrate how the decision-making process is implemented in Council as follows:



**Proposed Directorate Structure approved by Members in December 2021 - not yet operational.*

Decision making process from the period 16th March 2020 to 31st March 2022

In response to COVID19, the Council altered our normal decision-making processes to ensure that we followed Public Health Agency guidance on social distancing and essential travel while maintaining continuity of critical services.

At a special Council Meeting on the 16th March 2020, Members agreed to amend the Standing Orders as follows:

'In the event of any civil emergency or any situation which urgent actions are required and it is either not reasonably practical to convene a meeting of Committee or Council or of any such meetings called is in court the Chief Executive or Chief Officer nominated by her or him may exercise all or any of the functions of the Council excepting those which are reserved to the Council, pursuant section 7 of the local Government Act NI 2014. Any decisions taken pursuant to this Standing Order will be reported to the relevant Committee or Council at the next available meeting. The Standing Order is to be read in conjunction with paragraph 2.3 of Scheme of delegation and would happen following consultation with political parties.'

On 28th April 2020, Members agreed to amend the Standing Orders again to allow for remote meetings, this amendment had been made to the regulations by the Executive. Members agreed to *'amend Council's Standing Orders by the inclusion of the wording as set out in the Appendix to the officer's report to facilitate the continued holding of 'remote' Committee and Council meetings until the necessary legislation is in force.'*

On 6th July 2020 Members then approved to stand down delegated authority due to remote Committee meeting now being operational. The record of decisions taken under delegated authority by the Chief Executive from March 2020 – July 2020 were agreed and adopted at this Council meeting. From 6th July 2020 onwards, the normal governance arrangements were back in place.

The process for committee decision making under delegated authority was reintroduced on 4th May 2021 following the expiry of the legislation permitting the hosting of remote meetings from 7th May 2021. This process involved continuing to hold remote committee meetings, with the committee making recommendations to the Chief Executive or appropriate Chief Officer to exercise delegated authority to implement the recommendations.

On 31st August 2021 Royal Assent was finally granted to legislation extending the Local Government (Coronavirus) (Flexibility of District Council Meetings) Regulations (Northern Ireland) 2020, under which the remote hearings had been authorised prior to 7th May 2021. Since this date it has again been lawful for decision-making to take place by Committee and Council via remote hearings, without the need for the additional delegated powers invoked in May 2021.

The extended regulations were in force until the end of March 2022 when the Coronavirus Act 2021 expired. The legislation contained an enabling clause which allowed for the making of remote hearing regulations post March 2022. This has been extended to September 2022.

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, is the overarching decision-making body.

The Enterprise, Regeneration and Tourism (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 Active and Healthy Communities (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 Neighbourhood Services (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 Strategic Policy & Resources (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 several key agencies and partners.

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

In addition to the committees listed above, there are also 18 Council Project Boards and Forums which have been established to support the work of Committees.

The Council has an Assurance Framework in place that provides sufficient, continuous and reliable assurance on organisational stewardship and the management of major risk to organisational success and the delivery of improved, cost effective services. The Assurance Framework is reviewed and approved by the Audit Committee annually. The framework is structured and provides reliable evidence to underpin the assessment of risk and control environment for 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 at the July Audit Committee meeting annually. A summary of the key elements of our governance framework are set out in the following table:

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
- National Fraud Initiative
- 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
- Prompt Payment Statistics published on the website quarterly
- 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
- 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
- People, Perform, Grow introduced
- Learning and Development Policy in place
- 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
- National Fraud Initiative
- 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

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
- Internal Audit effectiveness annually reviewed against the Public Sector Internal Audit Standards
- Monitoring of all Internal and External Audit recommendations and quarterly updates to the Audit Committee

The Chief Executive is the Council's designated Chief Financial Officer (CFO) under the Local Government Finance Act (Northern Ireland) 2011, responsible for the proper administration of the Council's financial affairs. Local Regulations in Northern Ireland do not require the Chief Financial Officer to be a professionally qualified accountant nor the role to be separated from that of the Chief Executive as per the CIPFA principles. The Council is satisfied that the Chief Executive is supported by a number of fully qualified and experienced staff who are members of various bodies within the Consultative Committee of Accountancy Bodies (CCAB) and as such ensure the decisions made by the CFO are based on sound technical knowledge and understanding.

Having considered all the principles of the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption (2014), the Council has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud. The Council is

committed to the highest possible standards of openness, probity and accountability. The Council has a Whistleblowing Policy where concerns can be raised. The policy is due to be updated in the 2022/23 financial year. Fraud and Raising Concerns is a standing agenda item at Audit Committee quarterly.

Codes of Conduct are in place for both staff and Elected Members and define the high ethical values and standards of behaviour expected, to make sure that public business is conducted with fairness and integrity. A Conflict of Interest Policy also exists for both staff and Members.

Directors, Assistant Directors and Heads of Service are responsible for ensuring compliance with relevant laws, regulations, internal policies and procedures. The Quarterly Assurance Statement Process provided to the Chief Executive provide an opportunity to highlight any concerns. Council has a Head of Legal Services, who is a practicing Solicitor, with an internal legal team and a continuing arrangement with Belfast City Council Legal Services for further support when required.

Council utilises various media streams to deliver internal and external communications, such as the Council websites, publications, brochures, leaflets, social media and media advertisements and broadcasts. The Council continues to explore ways to digitise services and use online technology and social media to enhance communication with residents, customers, businesses and potential visitors to the District. This has been particularly important due to COVID19 and many services are now online due restrictions in place during the pandemic (i.e. payments for building control / licences).

The Council continuously strives to have the highest standards of governance arrangements in place and endeavours to ensure that its partners also have high standards of governance arrangement in place. Council would control this in numerous ways such as Service Level Agreements, Letters of Offers and signed contracts.

As a result of the new GDPR law in 2018, Council established new structures and processes, so Council could comply with the new GDPR laws and implement best practice guidance from the ICO & PRONI.

Article 5(1)(d) of the UK GDPR prescribes for personal data to be accurate, a corporate wide Compliance programme of work commenced to ensure 'data quality' was preserved for all Council information. That included:

- Creating a new Compliance Team with specific roles & responsibilities;
- Implementing new Corporate policies and procedures (Access to Information & Record Management);
- Developing and delivering in house training including a suite of training materials to build staff capacity;
- Creating and providing annual performance measurement statistics (p48);
- Creating an Information Strategy vision "To provide accurate, accessible information efficiently" and associated action plan;
- Conducting an audit of information including a Corporate wide data cleanse and review of the current Retention & Disposal Schedule; and
- Identification of Information Asset Owners

There were no breaches of personal data reported to the Information Commissioner's Office (ICO) during 2021/22.

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 informed 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 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. Assistant Directors must update quarterly progress on implementing recommendations as part of the Assurance Statement process. 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, she has considered the governance framework and system of internal controls in place. The Chief Executive leads the Council's Senior Management Team to collectively contribute and have 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 Members and Officers, 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 2022.

The Council itself maintains overall control of the governance framework and has been involved, for example, in revising the Risk Management Strategy in year to comply with HM Treasury's best practice. 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 makeup 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 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 weekly to monitor strategic direction and good governance across the District. During 2021/22 a meeting of the Corporate Management team occurred on a more regular basis due to COVID19, however the meeting is normally 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 provide 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 2021/22. The Audit Committee Terms of Reference were revised in April 2022 and sets out the purpose and the roles and responsibilities of Committee.

The effectiveness of Audit Committee was reviewed at the Committee on 28th April 2022. This review was completed using the National Audit Office Self-Assessment Checklist.

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 2021/22 will be presented to the July 2022 Audit Committee to support the completion of the Annual Governance Statement.

- **By Internal Audit:** The Internal Audit function is carried out by an independent body in accordance with Public Sector Internal Audit Standards. It provides assurance and advisory services to assist Council achieve its objectives and improve the effectiveness of internal control, risk management and governance processes.

Seven internal audit assignments were carried out in 2021/22 as per the agreed Internal audit plan. Internal Audit also carried out a follow up review of the 2020/21 recommendations including the extra investigation into the Council's use of Single Tender Actions.

In addition, during the 2021/2022-year, Internal Audit were commissioned by the Chief Executive to conduct a governance review within Newry, Mourne and Down District Council in respect of the Newry City Centre Regeneration Programme. The final report on this matter was issued on 10 September 2021.

The overall internal audit opinion for 2021/22 was satisfactory, withstanding the significant issues identified in Assets Management, Estates Management and Follow up review of implementation of IT strategy and those findings set out in the governance review in respect of the Newry City Centre Regeneration Programme.

- **Other explicit review / assurance mechanisms:**

- Health and Safety: Reviews of Health and Safety by professionally qualified officers, the Corporate Health and Safety Committee, and various Health and Safety sub committees.
- Risk Management: Risk Management is embedded across all activities of the Council and a revised Risk Strategy was presented to the July 2021 Audit Committee to ensure Councils Risk Management complied with HM Treasury's best practice. The Corporate Risk Register is presented quarterly to both SMT and the Audit Committee.
- 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.
- Local Government Audit: Work carried out by the Local Government Auditor during 2020/21 is also used by the Council as an additional assurance mechanism. The Council's Performance Improvement Plan has also been externally audited by the NIAO.
- National Fraud Initiative (NFI) – Data Matching Exercise: The Council continues to conform to the requirements of the NIAO biannual NFI exercise. This matches electronic data within and between public and private sector bodies to prevent and detect fraud. Data matching compares sets of data, such as payroll, pensions and trade creditors' records of a body against other records held by the same or another body. The latest batches of data matches were released by the NIAO in February 2021 and work relating to the review and investigation of high risk matches is now complete. The outcome of the matches testing was reported to the September 2021 Audit Committee.
- Transport Regulation Unit (TRU) – TRU Carried out a review of Councils compliance against Operator Licence Best practice in January 2022.

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 2020/21

Seven issues were declared in last year's Governance Statement and three of these continue to be declared as issues in this year's statement (Procurement and Contract Management, Planning backlog, absenteeism.) Three issues which appeared in last year governance statement have been amalgamated into one concern this year. The three governance concerns were as follows;

- Economic and Political Climate including the NI Protocol
- Belfast Region City Deal (BRCD)
- COVID19

The above concerns have similar root causes and actions and fall under the 2021/22 significant governance concern 'financial position of Council'.

An update on the remaining governance issues from 2020/21 is provided below:

1. IT Transformation Project

Council approved the IT Strategy on 16 August 2016 as part of its IT Transformation Programme. The purpose of the IT Strategy at that stage was for it to act as a roadmap for the Council's IT service delivery over a 3 to 5-year period.

In March 2020, with the onset of the Covid-19 pandemic, the Council's IT Team were very much front and centre of the Council's response to enable the continuation of service delivery, with the majority of the organisation moving to a working from home environment and the protection and running of key, vital services. As a result, Council "paused" the recruitment of the Assistant Director role as part of Planning for the Future and as a consequence this "paused" the delivery of the IT Strategy.

Internal Audit completed a follow up review of the implementation of the IT Strategy on the 7th January 2022. As the Council refocus on the IT Strategy, they expect to do so with a business transformation and digital agenda. Internal Audit stated 'Notwithstanding the key events that "paused" the implementation of the IT Strategy, and the good work completed by the Council during the period on certain IT projects, in our opinion, there are a number of key improvements still needed to complete and strengthen the implementation of the IT strategy. In particular, we noted: a need to refocus the IT Strategy and restart the thinking around IT spend in the future; a need to ensure there is adequate governance and oversight of the IT Strategy implementation.

The key recommendation from Internal Audit is that Council should refocus its efforts on the development of a new IT Strategy seeking to establish what work remains of the current strategy, what future work is needed to support transformation and a digital agenda and what areas of the current strategy are no longer required or supported.

2. Internal Audit – Fleet management – Limited Assurance

Fleet Management – Internal Audit concluded that there remain several key controls absent from the Council's internal control system for fleet management. Specifically, that procedures relating to driver defect reports, safety inspections, routine maintenance checks and the Council's grey fleet are not being followed and there is a need to provide clarity on a number of the current practices. Internal audit also noted that there has been limited progress on the implementation of recommendations in a previously agreed internal audit report and limited evidence that the implementation status of these recommendations is being monitored by Council.

Internal Audit followed up on their 7 recommendations in April 2022. 4 recommendations still need to be implemented. Officers have a Fleet Management action plan which they present to the Neighbourhood Service Committee on a quarterly basis. The last update was provided to Committee on the 18 May 2022.

3. Internal Audit – Fuel management – Limited Assurance

Internal audit concluded that there are a number of key controls absent from the Council's systems for fuel management. Specifically, that there is a need to: clarify roles and responsibilities in respect of fuel management and agree the draft Fuel Management Policy and Procedure; establish a clear process for fuel stock counting and reconciliations of fuel receipts and issues; document the physical security arrangements in place for fuel held at the Greenbank and Strangford Road Depots; and consider whether there should be additional fuel cards issued to replace the use of the forecourt sign off sheets.

Internal Audit followed up on their 14 recommendations in April 2022. 6 recommendations have been fully implemented, 3 partially implemented and 5 have not yet been implemented. Officers have a Fuel Management action plan which they presented to the Audit Committee on the 23 September 2021.

Significant Governance Issues in 2021/22

The significant governance issues for 2021/22 were identified through the review of significant risks within the Corporate Risk Register for the year ending 31 March 2022, consideration of significant events / issues, internal / external audit reports and a review of the Directorate Assurance Statements at year end.

Internal Audit conducted seven reviews during 2021/22. Four Internal Audit Reviews received a satisfactory assurance rating and three reports received a limited assurance rating. In agreement with the Audit Committee, Internal Audit also undertook an additional exercise commissioned by the Chief Executive to conduct a governance review in respect of the Newry City Centre Regeneration Programme. The final report was issued on 10 September 2021.

The three reports which received a limited Assurance Rating were as follows;

1. Estates Management – Internal Audit concluded that there remain several key controls absent from the Council's internal control system for Estates Management and Security. Specifically, they identified limited progress in implementing or actioning past audit recommendations that were previously accepted in the 2017/18 internal audit report. Internal Audit considered that there is need to: establish a planned maintenance programme; improve the management of reactive maintenance requests in practice and record keeping on the 3i system; and review the security arrangements at the Strangford Road Depot and Downshire Civic Centre.

The Assistant Director of Facilities Management and Maintenance is updating the Neighbourhood Services Committee quarterly in relation to the progress in implementing these recommendations. The last update was communicated in May 2022.

2. Asset Management– Internal audit concluded that there are a number of key controls absent from the Council's systems for Asset Management. Internal Audit recognised the limited improvement to recommended actions from the 2017/18 audit. Internal Audit considered that there is a need to: ensure the Fixed Asset policy is approved by Council and fully implemented; provide training on the Policy to ensure that Responsible Officers understand their roles and responsibilities in respect to the safeguarding and maintenance of assets; ensure that the fixed asset register is up to date and accurate; and the security and existence of assets is spot checked across all Directorates on a regular basis.

Since the Internal Audit was finalised, Council have introduced an Asset Management policy, this was approved by SP&R on the 16 March 2022. The Assistant Director of Finance provided Members with an update on the status of implementing the recommendations. The only recommendation which is outstanding is training to the relevant Officers on the revised procedures. This is scheduled for July 2022.

3. Follow up review of implementation of the IT Strategy – See page 31 – IT Transformation Project.

Internal Audit also undertook a follow up review of recommendations made in their 2020/2021 internal audit reviews. The review identified that, out of the 54 accepted recommendations, 30 recommendations were fully implemented, 10 recommendations were partially implemented, 12 recommendations were not implemented, and 2 recommendations were no longer accepted.

The 2021/22 Internal Audit Plan, at the request of the Audit Committee, was modified to include a follow up review of the recommendations arising from the investigation into the Council's use of Single Tender Actions. The review identified that out of the 21 accepted recommendations, 8 recommendations were fully implemented, 5 recommendations were partially implemented, 7 recommendations were not implemented, and Internal Audit were unable to test the status of implementation for 1 recommendation.

Internal Audit's Annual Opinion during the period from 1 April 2021 to 31 March 2022, 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 withstanding the three limited reports identified above.

The Audit Services Manager will continue to follow up on the legacy internal audit recommendations which have not yet been implemented. 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.

The following governance issues have been identified for the year ended 31st March 2022:

1. Procurement and Contract Management

Procurement has remained a significant risk within the Council's Corporate Risk Register. Corporate Risk 2 details 'Non-compliance with legislative requirements, including procurement'. The control environment within Council has improved significantly over the last number of years;

- The Newry, Mourne and Down District Council Procurement Policy and Procedures was approved by the SP&R committee on 14 December 2017 and subsequently ratified by Council on 8 January 2018. Business Case templates and procedures were approved in February 2018 by SMT. The suite of documents was updated again on 23 June 2020.
- 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 Council's e-procurement system.
- A procurement training schedule was delivered to all staff. This commenced in February 2019 and was completed in May 2019. The five separate sessions targeted officers, proportionate to the value of procurement exercises they regularly undertake.
- Internal Audit completed an audit of the Procurement policy and procedures in 2017/18, with a further audit of compliance with the new policy and procedures in 2018/19. Both reviews received a satisfactory level of assurance.
- Following the Single Tender Action (STA) reviews commissioned by the Chief Executive, all Directorates have Procurement Action Plans. These plans highlight any STA Directorates currently have and the plans to regularise this spend if applicable. They also highlight procurement gaps within each Directorate and highlight the plans Assistant Directors have in place to regularise this spend. These Procurement Action Plans are presented to the Audit Committee bi annually (most recently in April 2022) highlighting progress made and further actions.

- A new Procurement to Pay System went live on the 10th January 2022. This introduced the three-way matching process into Council for the first time. A purchase order is matched to the invoice which is then reconciled with a goods receipt prior to payment. When the system is fully embedded Council is going to enquire about the contract management module and what its functionality is.
- A new tender system also went live on the 10th January 2022. Every Council tender is now advertised on contract finder.

Even though considerable progress has been made, we are still highlighting procurement as a significant governance concern. Council is having issues replacing the Head of Service and the Procurement Policy needs updated to reflect current best practice. Social Value Procurement also needs to be introduced into Councils procedures and this will require a suite of new templates and training for all staff who are involved in purchasing. This will be completed in the 2022/23 financial year.

2. Financial Position of Council

The financial landscape for the council is likely to remain challenging for the foreseeable future. Councils have been directly impacted by two economic shocks (Rising cost of living and COVID19). Further detail is provided below in relation to Council's financial challenges going forward.

Rising Cost of Living / Inflation

- Councils had already budgeted the 2022/23 pay award as part of the rate setting process, but events of recent months and current cost of living crisis demonstrate that those budgets are insufficient compared to the draft NJC proposals on top of further Trade Union demands.
- Market fluctuations causing unavoidable increases in contracts, utilities, supplies/services and the implications of that for significant programmes of work. Contractors are inevitably asking for an uplift in previously agreed terms in line with the relevant procurement clauses so that tender prices reflect inflation. This will have a significant impact on Council's Capital Programme and there has also been a significant uplift in our current waste contracts.
- The current pension revaluation is ongoing, which could result in increased employer contributions in 2023/24.
- The next rates revaluation process which could result in a regional redistribution of rates income for Councils, particularly as there are a significant number of appeals from the 2015 revaluation still outstanding and the appeals from the 2019 revaluation have not yet commenced.

COVID19

The financial implication since March 2020 have been unprecedented. The impact of COVID19 has significantly impacted on Council's operations and finances in the current year. The future impact of COVID19 on operations, on our rate base and on our finances is uncertain, and many assumptions were included in our budgets for 2022-23. There are still significant income losses, particularly in the leisure service areas as people have adjusted their priorities. The Department have confirmed there will be no further funding provided to Councils in relation to loss of Council income due to COVID19.

EU Exit

On 31 January 2020 the UK formally left the EU and entered a Transition Period which ran until 31 December 2020. Discussions are ongoing between the UK and the EU which are aimed at solving issues associated with the operation of the Northern Ireland Protocol.

Warrenpoint Port is one of the three main points of entry for goods entering NI from GB. On the 1st January 2021 GB became a Third Country. Required checks are being completed at Warrenpoint Port on an on-going basis by trained and authorised staff, working flexible shifts aligned with changeable sailing arrival times.

The Council has established appropriate processes to ensure it has the capacity and capability to deal with any changes or increased demand for its services, arising as a result of EU exit. Officers continue to contribute to the Project Steering group, led by DAERA, to deliver the required expanded checking capability at NI POE's; including People, Process, IT and infrastructure to facilitate the free flow of existing trade post transition as the NI Protocol is implemented on a phased basis. Officers are also continuing to work across Council practitioner groups in areas of procurement, waste, finance and legal to ascertain the impact of Brexit and will plan for any impacts once known.

The Council will need to secure permanent adequate funding and resources to ensure effective delivery of Council's responsibilities relating to carrying out inspections at Warrenpoint port.

Northern Ireland Assembly and Budget Authority

Following the resignation of the First Minister and the subsequent lack of an Executive, a Budget for 2022-23 could not be finalised. The Finance Minister wrote to departments to set out a way forward in the absence of an Executive to agree a Budget. This process involved the Department of Finance issuing departments with contingency planning envelopes for the 2022-23 financial year. These envelopes provided departments with an assessment of the minimum funding they could reasonably expect for 2022-23 and allowed departments to plan for expenditure until such times as a Budget could be agreed.

Therefore, no budget is agreed for the 2022/23 year including the Rates Support Grant allocation. Recent reductions in rates support grant have yet to be overturned and there is even greater uncertainty about future levels Rates Support Grant given the budgetary pressures in central government.

Belfast Region City Deal (BRCD)

On the 15 December 2021 Northern Ireland first City Deal was signed, unlocking £1 billion of co-investment for the Belfast region. The Belfast Region City Deal unlocks £1 billion of transformative co-investment which will deliver more than 20 highly ambitious projects and programmes, create up to 20,000 new and better jobs and help make the region a global investment destination over the next decade.

Belfast Region City Deal partners have been working intensively since 2017 with the NI Executive, UK Government and industry partners to develop the deal and prepare the case for investment. The UK Government and NI Executive have each committed up to £350 million to the BRCD and the BRCD partners will contribute a further £150 million. By leveraging additional private sector investment, the programme will have an overall value well over £1 billion.

Council have governance structures in place via Programme Boards, which will have over sight 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 and SP&R Committees, which will be supplemented with a focused City Deal councillor reference group. At a regional level Advisory Boards have been established