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David Jackson MBE
Chief Executive
Causeway Coast and Glens Council
Cloonavin
66 Portstewart Road
Coleraine
BT52 1EY

3 November 2015

Dear David,

Report to those charged with governance: North East Peace III Joint Committee 2014-15

Our audit of the Joint Committee's accounts for 2014-15 is now complete. Please find attached our report to those charged with governance following our audit. I would be grateful if you would include the Report on the agenda of your next Audit Committee meeting.

The report sets out the results and issues arising from the audit. These points have been considered by your staff and the management responses are included. You will appreciate that the matters outlined in the report arose from our normal audit procedures that are conducted to auditing standards. Our procedures are designed primarily for the purposes of forming an opinion on the accounts. Consequently our work did not involve a detailed review of all aspects of the account areas and cannot therefore be regarded as a comprehensive statement of all weaknesses that might exist, or of all improvements that might be made.

I would like to take this opportunity to thank you and your staff for the assistance and co-operation received throughout the audit.

Should you wish to discuss any matters within this letter please do not hesitate to contact me.

Yours sincerely

TOMAS WILKINSON
Director



Northern Ireland Audit Office

Our purpose...

Promoting better use of public money, through independent professional scrutiny, underpinned by our commitment to:

- Integrity
- Equality
- Openness
- Innovation

To make a difference for the people of Northern Ireland.

The Local Government (Northern Ireland) Order 2005 provides that the Department of the Environment may, with the consent of the Comptroller and Auditor General, designate persons who are members of the Northern Ireland Audit Office as Local Government Auditors. Louise Mason, Assistant Auditor General, is the designated Local Government Auditor for all local government bodies in Northern Ireland.

For further information please contact:

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NORTH EAST PEACE III JOINT COMMITTEE AUDIT OF 2014-15 FINANCIAL STATEMENTS

FINAL REPORT TO THOSE CHARGED WITH GOVERNANCE

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Draft issued: 9 October 2015

Final issued: 3 November 2015

Introduction

1. This report summarises the key matters arising from our audit of the 2014-15 financial statements for the benefit of those charged with governance¹. We would like to thank the Chief Financial Officer of Causeway Coast and Glens Borough Council and his staff for their co-operation during the audit process.
2. The examination of the 2014-15 financial statements was undertaken in accordance with auditing standards issued by the Auditing Practices Board (APB), taking into account the UK Auditing Practice Board's Practice Note 10 (Revised); Audit of Financial statements in Public Sector Bodies in the United Kingdom and the Code of Audit Practice issued by the Chief Local Government Auditor. Our approach to the audit was planned and executed in accordance with the Audit Strategy presented to Coleraine Borough Council's Audit Committee earlier this year. No additional risks were identified during the audit.
3. This report has been prepared for the sole use of Causeway Coast and Glens Borough Council as under the transitional arrangements set out in the Local Government (Transitional, Supplementary, Incidental Provisions and Modifications) Regulations Northern Ireland 2014, Causeway Coast and Glens Borough Council takes responsibility for the financial statements of North East Peace III Joint Committee. Our prior consent should be sought before any distribution (including web publication) either in full or in part is made. The Northern Ireland Audit Office (NIAO) does not accept responsibility to any third party for losses arising from reliance being placed on this report.
4. In accordance with regulation 6 of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006, Causeway Coast and Glens Borough Council shall as soon as reasonably possible after the conclusion of an audit, and in any event before 31 October immediately following the end of the financial year, publish North East Peace III Joint Committee's financial statements including the audit report. We note that the published accounts were put onto Causeway Coast and Glens Borough Council's website before 31 October 2015. Responsibility for thoroughly proofing these documents remains with Causeway Coast and Glens Borough Council. We are content with the published accounts put onto the website.
5. In addition, after the conclusion of the audit, Causeway Coast and Glens Borough Council shall then place an advertisement stating, in line with regulation 12 Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006, that the audit has been concluded and that the financial statements are publicly available. A copy of the paper(s) incorporating this advertisement should be sent to our office within a week of the advertisement being made.

Actions for those charged with governance

6. Those charged with governance are invited to review the findings set out in this report, including the letter of representation and audit report included in Annex A and Annex B respectively. There were no unadjusted misstatements.

Status of audit

7. The audit is now complete.

Overall conclusion and opinion

8. The Local Government Auditor has provided her audit opinion in the format set out in Annex B – Independent Auditor's Report. The audit report includes an opinion as to the truth and fairness of the financial statements and that certain information given in the Explanatory Foreword is consistent with the financial statements.

¹ In accordance with ISA 260, those charged with governance are those individuals accountable for ensuring that the entity achieves its objectives, with regard to reliability of financial reporting, effectiveness and efficiency of operations, compliance with applicable laws, and reporting to interested parties.

Executive Summary

9. The Local Government Auditor certified the 2014-15 financial statements with an unqualified audit opinion, without modification on 27 October 2015.

Audit judgements

10. In reaching our opinion, no significant audit judgements were made.

Audit findings

11. In Section 1 we outline the quality, effectiveness and transparency of North East Peace III Joint Committee's financial reporting and its accounting policy selection, and our audit findings including any issues identified relating to regularity and the internal control environment.
12. The Accounting policies are considered appropriate for the Joint Committee.
13. Our audit findings have not identified any significant internal control weaknesses other than those detailed in this report. No significant priority 1 issues were identified during audit testing.
14. The Governance Statement reflects the internal control and procedures in place at the lead council, Coleraine Borough Council, and notes that the Joint Committee has adopted many of the lead Council's policies and procedures. Peace III expenditure is verified by SEUPB, monitored by the DFP Audit Authority and the financial statements are certified by the NIAO.
15. Further issues of interest are set out in the Other Matters of Governance Interest section.

Identified misstatements

16. In the course of the audit misstatements were identified which have been adjusted in the financial statements, as detailed in Identified Misstatements in Section 3. The net effect of these adjustments is nil.
17. There have been no identified uncorrected misstatements.

Section 1

Audit Risks and Findings

Audit Risks

- 1.1 In our Audit Strategy issued earlier this year, our assessment of North East Peace III Joint Committee's operations and control environment did not identify any significant audit risks. A significant audit risk is an identified and assessed risk of material misstatement that, in the auditor's judgement, requires special audit consideration. We did however, identify one risk factor relating to payments to beneficiaries and the table below describes how we addressed this risk through our audit process.
- 1.2 No new significant audit risks have been identified since the audit strategy was issued.

Risk factor: Payments to Beneficiaries
There is a risk that expenditure under the Peace III programme will not be used for projects as intended by SEUPB and that Councils may be liable for additional funding towards the Peace III programme.
Audit Response
Examine a sample of payments to beneficiaries to ensure they are in accordance with the requirements of the Peace III programme and that payments have appropriate approvals in place. Review the work of DFP Internal Audit who audit the SEUPB Programme and assess their results. Review the work of the SEUPB verification unit who verify the expenditure in relation to the Peace III programme.
Outcome
As a result of our audit testing on a sample of payments to beneficiaries, no significant issues were noted. We do however note SEUPB's Verification Unit's sample testing which produced the following results: <ul style="list-style-type: none">• May 2014 – 0.29% error rate• June 2014 – 0.29% error rate• September 2014 – 3.20% error rate• October 2014 – 3.20% error rate• February 2015 – 0.76% error rate We note that the above error rates in September 2014 and October 2014 were higher than normal and arose as a result of inadequate documentation being kept by the Joint Committee. The Joint Committee was required to fund the shortfall in costs that were disallowed by SEUPB. We have not raised a specific management letter point on this issue as this is the last year for these Peace III accounts, however, for the Peace IV Programme, adequate documentation should be retained at all times in line with SEUPB guidance to support claims that are being made. During 2014-15, DFP Audit Authority did not carry out any audits on North East Peace III Joint Committee.

Audit Findings

Financial Reporting and Accounting Policies

- 1.3 The Financial Statements are required to comply with the Code of Practice on Local Authority Accounting in accordance with the Accounts Direction issued by the Department of the Environment.
- 1.4 In this section we draw to your attention our review of qualitative aspects of the accounting practices and financial reporting. This includes any significant changes or issues in respect of the accounting policies, estimates, judgements and the adequacy of disclosures affected by unusual or non-recurring transactions recognised during the period. We also review the overall balance and clarity of information contained in the Explanatory Foreword.

Section 1

Audit Risks and Findings

- 1.5 There are no significant issues identified with the quality, effectiveness and transparency of financial reporting and accounting at the Joint Committee. There were also no significant issues identified with the appropriateness of the accounting policies judged against the objectives of relevance, reliability, comparability and understandability. Accounting estimates and judgements to support the disclosures contained in the financial statements were considered reasonable.

Review of information in the Explanatory Foreword

- 1.6 We review information in the Explanatory Foreword only to the extent that we confirm it is consistent with the financial statements and our understanding of the business. Except as noted in the audit opinion, the Explanatory Foreword is not subject to our audit opinion.
- 1.7 The Explanatory Foreword was considered to be consistent with our understanding of the business, and was in line with the other information provided in the financial statements.

Internal Control

- 1.8 We have reviewed the Governance Statement and in our opinion, it fairly reflects our understanding of the state of internal control systems within the entity during the year.

Observations & Recommendations

- 1.9 This section outlines the findings arising from our audit, as well as management's response and target date for implementation to these recommendations.
- 1.10 We have included the significant, important and best practice findings arising from our audit which are defined as the following:
- Priority 1 – significant issues for the attention of senior management which may have the potential to result in material weakness in internal control.
 - Priority 2 – important issues to be addressed by management in their areas of responsibility.
 - Priority 3 – issues of a more minor nature which represent best practice.
- 1.11 As outlined in our Audit Strategy our procedures included a review of the internal controls and accounting systems and procedures only to the extent considered necessary for the effective performance of the audit. No new issues have been identified in 2014-15 and therefore there are no audit recommendations.
- 1.12 In accordance with International Standards on Auditing we have to consider significant weaknesses identified in our prior year audit. There were no Priority 1 recommendations made in our prior year Report to those charged with Governance. The Audit Committee should continue to track progress on all recommendations, including Priority 2 and Priority 3 points.

Section 2 Identified Misstatements

2.1 This section contains details of adjustments made to the financial statements during the course of the audit, as well as unadjusted misstatements which are not considered material in the context of the financial statements as a whole.

Significant adjustments made to the financial statements

2.2 As a result of our audit, adjustments were made to the financial statements presented for audit. The adjustments are shown below. The net effect of the adjustments is nil. The presentation of this information enables those charged with governance to assess the extent to which the financial statements presented for audit have been subject to change as a result of the audit process.

Audit adjustments

Reason adjustment is required	Proposed by	Account area	CIES		BS	
			Debit	Credit	Debit	Credit
			£	£	£	£
Income already received in year but recorded as a debtor	North East Peace III Joint Committee	Debtors Creditors				240
Overall Total					240	240
Net Effect					-	-

2.3 We have also made a number of other suggestions to improve narrative disclosures and to ensure completeness of the disclosures required under the Code of Practice on Local Authority Accounting.

Unadjusted misstatements or uncertainties arising from the audit

2.4 As a result of our audit there have been no unadjusted misstatements identified.

Section 3

Other Matters of Governance Interest

- 3.1 International Standard on Auditing 260 requires us to communicate with those charged with governance any other audit matters of governance interest. These include matters which have come to our attention which may present future risks, enhance overall governance or where those charged with governance might wish to seek assurance on controls and processes.

Fraud

- 3.2 We are required by Auditing Standards to report to you if we identify a fraud or obtain information that indicates that a fraud may exist. We found no such instances during our testing. In addition, we are not aware of material weaknesses in the design or implementation of internal controls to prevent and detect fraud.
- 3.3 In the course of our audit we have not identified any suspected or non-compliance with the laws and regulations.

Going concern

- 3.4 The Annual Governance Statement does highlight that under the Reform of Local Government, the new councils came into existence on 26 May 2014, operated in shadow form until they took over full responsibility for local government on 1 April 2015 when the 26 existing councils cease to exist. The final accounts for North East Peace III Joint Committee are these 2014-15 financial statements. The Local Government (Transitional, Supplementary, Incidental Provisions and Modifications) Regulations (Northern Ireland) 2014 made transitional provision with respect to local government reorganisation including positions of responsibility within the new council for the winding up and final accounts of existing councils. The partnership between the six Councils – Coleraine, Limavady, Ballymoney, Moyle, Ballymena and Larne – has now been superseded by the Review of Public Administration in 2015 when Causeway Coast and Glens Borough Council came into existence.

Management of personal data

- 3.5 The Joint Committee is required to comply with the Data Protection Act 1998 in the handling and storage of personal data and those charged with governance should ensure they have made sufficient enquiries of management to form a view on whether there were any significant specific data incidents which should be disclosed in the Governance Statement. We are unaware of any data handling incidents during the year. Confirmation of this is sought within the letter of representation (Annex A).

Statement on personal data

- 3.6 During the course of our audit we have access to personal data to support our audit testing. We have established processes to hold this data securely within encrypted files and to destroy it where relevant at the conclusion of our audit. We can confirm that we have discharged those responsibilities communicated to you in accordance with the requirements of the Data Protection Act 1998.

Disagreements with management

- 3.7 There are no audit disagreements with management, about matters that could be significant to the financial statements to report.

Co-operation with other auditors

Internal Audit

- 3.8 In 2014-15, Internal Audit completed a review of the Peace III programme to assess the controls operating within the creditors and overall Peace III system. A substantial level of assurance was provided for this review.

Section 3

Other Matters of Governance Interest

Deficiencies in internal control

- 3.9 There were no significant deficiencies identified in internal control other than those reported by the Joint Committee in the Annual Governance Statement in relation to the implications of the results of the review of the governance framework by the Joint Committee.

Independence, integrity & objectivity of auditors

- 3.10 The NIAO's policy to ensure independence, integrity and objectivity of our auditors was set out in our Audit Strategy. Overall, the threat to the audit arising from issues affecting our independence, integrity and objectivity is low, and the safeguards in place ensure that the likelihood of any impact is low.
- 3.11 We have complied with APB Ethical Standards and, in our professional judgement, we are independent and our objectivity is not compromised. There are no relationships between NIAO and the Joint Committee that we consider to bear on our objectivity and independence.

Other matters of interest

- 3.12 The current Peace III programme has now ended and the final accounts for North East Peace III Joint Committee is for the 2014-15 financial year. It is important that any outstanding debtor and creditor balances are fully resolved by Causeway, Coast and Glens Council as soon as possible. We understand that a new Peace IV programme is to be implemented, however, the administration of this funding and the running of the programme still has to be clarified.

Complaints procedure

- 3.13 NIAO seeks to ensure that, when carrying out its audit work, it complies with the principles developed by the Public Audit Forum in its paper "What Public Sector Bodies can expect from their Auditors".

NIAO also wishes to gauge public sector bodies' perceptions of its audit processes in order to promote continuous improvement. In particular, it undertakes to act quickly on any complaint and ensure that the underlying causes of problems are addressed to prevent them recurring. In the first instance, complaints can be addressed to the member of the Directorate responsible for the audit within which the concern has been raised.

Failing resolution of the problem to the satisfaction of the complainant, the Chief Executive of the audited body can then write directly to the Comptroller and Auditor General. He will ensure that a further review of the case will be undertaken.

Ms Louise Mason
Local Government Auditor
Northern Ireland Audit Office
106 University Street
BELFAST
BT7 1EU

Dear Ms Mason

LETTER OF REPRESENTATION: North East Peace III Joint Committee – year ended 31 March 2015

I acknowledge, as Chief Financial Officer of Causeway Coast and Glens Borough Council, my responsibility for preparing the North East Peace III Joint Committee Statement of Accounts that gives a true and fair view of income and expenditure and cash flows for the financial year and the financial position for the year ended 31 March 2015.

In preparing the accounts, I was required to:

- observe the accounts direction issued by the Department of the Environment, including the relevant accounting and disclosure requirements and apply appropriate accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed and disclosed and explain any material departures in the account; and
- prepare the account on a going concern basis on the presumption that the final accounts for North East Peace III Joint Committee is for the 2014-15 financial year.

I confirm that, to the best of my knowledge and belief, for the financial year ended 31 March 2015:

- neither I nor my staff authorised a course of action, the financial impact of which is that transactions infringe the requirements of legality;
- all relevant information pertaining to any fraud or suspected fraud has been notified to you;
- having considered and enquired as to the Joint Committee’s compliance with law and regulations, I am not aware of any actual or potential non-compliance that could have a material effect on the ability of the Joint Committee to conduct its business or on the results and financial position disclosed in the account;
- all accounting records have been provided to you for the purpose of your audit and all transactions undertaken by the Joint Committee have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all management meetings which you have requested have been supplied to you; and
- all Related Parties and Related Party Transactions involving Members and senior staff of the Joint Committee have been properly disclosed.

All material accounting policies as adopted are detailed in the Statement of Accounting Policies.

Internal Control

I acknowledge, as Chief Financial Officer of Causeway Coast and Glens Borough Council, my responsibility for the design and implementation of internal controls to prevent and detect error and I have disclosed to you the results of my assessment of the risk that the financial statements could be materially misstated.

I confirm that I have reviewed the effectiveness of the system of internal control and that the disclosures I have made are in accordance with DOE Guidance on the Governance Statement.

FRAUD

I acknowledge as Chief Financial Officer of Causeway Coast and Glens Borough Council my responsibility for the design and implementation of internal controls to prevent and detect fraud and I have disclosed to you the results of my assessment of the risk that the financial statements could be materially misstated as a result of fraud.

Annex A – Letter of Representation

I am not aware of any fraud or suspected fraud affecting the Joint Committee and no allegations of fraud or suspected fraud affecting the financial statements has been communicated to me by employees, former employees, analysts, regulators or others.

ASSETS

General

To the best of my knowledge and belief, all assets included in the balance sheet were in existence at the balance sheet date and owned by the Joint Committee, and were free from any lien, encumbrance or charge.

Current Assets

On realisation, in the ordinary course of the operations of the Joint Committee, the current assets in the balance sheet are expected to produce at least the amounts at which they are stated. To the best of my knowledge and belief, adequate provision has been made against all amounts owing to the Joint Committee which are known, or may be expected, to be irrecoverable.

LIABILITIES

General

To the best of my knowledge and belief, all liabilities have been recorded in the balance sheet. I am unaware of any significant losses in the year and no provisions for losses were required at the year-end.

Contingent Liabilities

I am not aware of any pending litigation which may result in significant loss to the Joint Committee, and I am not aware of any action which is or may be brought against the Joint Committee.

OTHER DISCLOSURES

Results

Except as disclosed in the accounts, the results for the year were not materially affected by transactions of a sort not usually undertaken by the Joint Committee, or circumstances of an exceptional or non-recurring nature.

Unadjusted errors

No material unadjusted errors have been brought to my attention.

Post Balance Sheet Events

Except as disclosed in the accounts, I am unaware of any material changes since the date of the balance sheet affecting liabilities and commitments, and no events or transactions have occurred which, though properly excluded from the account, are of such importance that they should have been brought to notice.

Going concern

The final accounts for North East Peace III Joint Committee is for the 2014-15 financial year and reference to this has been included in the Annual Governance Statement.

Yours sincerely,

David Jackson

Chief Financial Officer

Date: 20 October 2015

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF CAUSEWAY COAST AND GLENS BOROUGH COUNCIL

I have audited the financial statements of North East Peace III Partnership Joint Committee for the year ended 31 March 2015 under the Local Government (Northern Ireland) Order 2005. The financial statements comprise the Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet, Cash Flow Statement and the related notes. The financial statements have been prepared under the accounting policies set out within them.

This report is made solely to the Members of Causeway Coast and Glens Borough Council in accordance with the Local Government (Northern Ireland) Order 2005 and for no other purpose, as specified in the Statement of Responsibilities. Under the transitional arrangements set out in the Local Government (Transitional, Supplementary, Incidental Provisions and Modifications) Regulations Northern Ireland 2014, Causeway Coast and Glens Borough Council takes responsibility for the financial statements of North East Peace III Partnership Joint Committee.

Respective responsibilities of the Chief Financial Officer and the independent auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to North East Peace III Partnership Joint Committee’s circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by North East Peace III Partnership Joint Committee; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Statement of Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view, in accordance with relevant legal and statutory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2014-15, of the financial position of North East Peace III Partnership Joint Committee as at 31 March 2015 and its income and expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006 and the Department of the Environment directions issued thereunder.

Opinion on other matters

- In my opinion the information given in the Explanatory Foreword for the financial year ended 31

March 2015 is consistent with the financial statements.

Matters on which I report by exception

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

- The Annual Governance Statement:
 - does not reflect compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2014-15;
 - does not comply with proper practices specified by the Department of the Environment;
 - is misleading or inconsistent with other information I am aware of from my audit; or
- adequate accounting records have not been kept; or
- the Statement of Accounts is not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit.

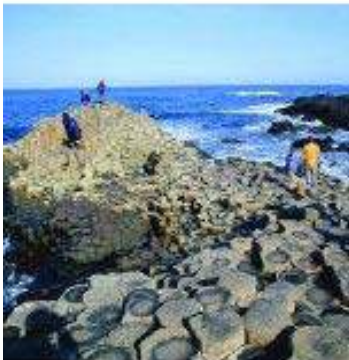
Certificate

I certify that I have completed the audit of accounts of North East Peace III Partnership Joint Committee in accordance with the requirements of the Local Government (Northern Ireland) Order 2005 and the Local Government Code of Audit Practice.

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

27 October 2015

Issued by the Local Government Auditor



North East Peace III Partnership Joint Committee 2014-15

To the Members of Causeway Coast and Glens Borough Council

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

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1. Introduction

I have been designated the Local Government Auditor for the North East Peace III Partnership Joint Committee by the Department of the Environment with the consent of the Comptroller and Auditor General for Northern Ireland.

2. Financial Statements

Summary of Audit Findings

North East Peace III Partnership Joint Committee must prepare its accounts in accordance with International Financial Reporting Standards (IFRS) as interpreted for Local Government in the 'The Code of Practice on Local Authority Accounting in the United Kingdom' 2014-15. This code sets out the accounting treatment and disclosures for all normal transactions of local authorities.

The financial statements were signed by the Chief Executive of the lead council, Causeway Coast and Glens Borough Council, and approved on behalf of the North East Peace III Partnership Joint Committee on 29 June 2015. This was within the statutory timeframe of 30 June. Following the audit, a number of presentational adjustments were required and the accounts were revised and re-signed on 20 October 2015 and published on the website of Causeway Coast and Glens Borough Council as the Joint Committee's lead council within the regulatory timeframe of 31 October.

For the year ended 31 March 2015 I gave the following unqualified opinion on the financial statements.

In my opinion

- the financial statements give a true and fair view, in accordance with relevant legal and statutory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2014-15, of the financial position of North East Peace III Partnership Joint Committee as at 31 March 2015 and its income and expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006 and the Department of the Environment directions issued there under.

On 3 November 2015 my staff issued a Report to those charged with Governance on the results of the audit, noting the most significant issues. That report is presented separately to the Audit Committee of the lead council.

Financial Performance

The Statement of Comprehensive Income and Expenditure of the North East Peace III Partnership Joint Committee shows that during the year ended 31 March 2015 the Joint Committee spent £285,719 on the provision of services. It also received income of £285,719.

The main items of expenditure were:

- Financial assistance to beneficiaries: £210,192
- Staff costs: £58,548

The main area of income was:

- Government Grant: £259,366

At the year end, North East Peace III Partnership Joint Committee was owed £60,728 for costs incurred in administering the scheme.

3. Governance

The Good Governance Standard for Public Services¹ sets out the following key principles of good governance. Good governance means

- focusing on the organisation's purpose and on outcomes for citizens and service users;
- performing effectively in clearly defined functions and roles;
- promoting values for the whole organisation and demonstrating the values of good governance through behaviour;
- taking informed, transparent decisions and managing risk;
- developing the capacity and capability of the governing body to be effective; and
- engaging stakeholders and making accountability real.

Annual Governance Statement

The lead council is required to conduct a review at least once in a financial year of the effectiveness of its governance framework (including its system of internal control) and to then approve an Annual Governance Statement².

I am required to report if the Annual Governance Statement

- does not reflect compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2014-15;
- does not comply with proper practices specified by the Department of the Environment; or
- is misleading or inconsistent with other information I am aware of from my audit.

I have no inconsistencies to report as a result of my review of the Statement. The Joint Committee noted no significant governance issues in its Governance Statement.

¹ The Good Governance Standard for Public Services, OPM and CIPFA, 2004

² Local Government (Accounts and Audit) (Amendment) Regulations (NI) 2006 and DOE circular LG/04/08

Internal Audit

The Local Government (Accounts and Audit) (Amendment) Regulations (NI) 2006 requires Councils to maintain an adequate and effective system of internal audit and to conduct a review at least once in a financial year of the effectiveness of its system of internal audit. During the year, Internal Audit completed a review of Peace III expenditure incurred on the North East Peace III programme and no significant governance issues were identified.

The Peace III programme was also subject to regular verification audits by SEUPB staff in 2014-15 and resulted in error rates ranging from 0.29% to 3.2%. I acknowledge that the Joint Committee introduced a number of measures to reduce the error rate and minimise the risk of ineligible expenditure.

Audit Committee

There is no requirement for the Joint Committee to have a separate Audit Committee but it should follow the practices put in place by the lead council's Audit Committee. The lead council's Audit Committee should also be kept aware of any issues affecting the Joint Committee.

Other matters of interest

The current Peace III programme has now ended and the final accounts for North East Peace III Partnership Joint Committee is for the 2014-15 financial year. It is important that any outstanding debtor and creditor balances are fully resolved by Causeway Coast and Glens Borough Council as soon as possible. I understand that a new Peace IV programme is to be implemented; however, the administration of this funding and the running of the programme still has to be clarified.

4. Closing Remarks

The letter is addressed to the Members of Causeway Coast and Glens Borough Council and prepared for the sole use of the audited body. No responsibility is taken by auditors to any member or officer in their individual capacity, or to any third party. The factual accuracy of this Audit Letter has been agreed with the Chief Executive of the lead council of the Joint Committee.

The lead council of the Joint Committee has taken a positive and constructive approach to our audit. I would like to take this opportunity to express our appreciation for the lead council's assistance and co-operation. This letter will be presented to your Audit Committee by my staff and I have asked for copies to be sent to all Members.

Louise Mason

Local Government Auditor

4 November 2015