

# Causeway Coast and Glens Borough Council

Audit Committee Meeting Wednesday 9<sup>th</sup> December 2015

## Key Recommendations

No	Item	Recommendation
4.	Whistle Blowing /Fraud	<i>Information</i>
5.	Year End Accounts 2015: Reports to those charged with Governance and Annual Audit Report	<i>Approve Ballymoney Borough Council Accounts 2014/15</i>
6.	Northern Ireland Audit Office Good Practice Guides	<i>Information</i>
7.	Performance Management	<i>Information</i>
8.	Revised Internal Audit Plan 2015/16	<i>Approve</i>
9.	Appointment of Independent Member	<i>Approve Appointment</i>
10.	Risk Matrix	<i>Information</i>

## **Audit Committee**

Minutes of the Meeting of Causeway Coast and Glens Borough Council Audit Committee, held in the Bann View Committee Room, on Wednesday 9<sup>th</sup> December at 7.00 pm.

In the Chair: Councillor C McShane

Present: Aldermen Finlay, Councillors Baird, Beattie, Clarke, Fitzpatrick, Holmes, Hunter, Loftus, McGlinchey, P McShane, Watton

In attendance: M Quinn, Director of Performance  
R Baker, Director of Leisure and Development  
D Wright, Chief Finance Officer  
S Bradley, Internal Auditor  
S Duggan, Committee and Member Services Officer

Also in Attendance: A Knox, NI Audit Office  
C Dowds, NI Audit Office

Press x 1 no.

### **1. Apologies**

Apologies were recorded from Alderman McKeown, Alderman Robinson and Councillor Stevenson.

### **2. Declarations of Interest**

There were no declarations of interest.

### **3. Minutes of Audit Committee Meeting October 2015**

The minutes of the previous meeting were confirmed as a correct record. The Chair advised that the Minutes of the Meeting had been ratified by Council

**IT WAS AGREED** to change the Order of Business.

It was proposed by Councillor P McShane, seconded by Councillor McGlinchey: **that committee consider the next item of business 'in-committee'**.

\* **Press and NI Audit Office representatives left the meeting.**

#### 4. Whistle Blowing /Fraud

The Director of Leisure and Development made Members aware of on an incident of fraud that was being progressed in accordance with Council's Anti-Fraud and Corruption Policy and was currently being investigated by PSNI.

\* Councillor Beattie arrived at the meeting at 7.17pm during consideration of the Item.

It was proposed by Councillor McGlinchey, seconded by Councillor P McShane: **that committee resolve itself out of committee.**

\* **Press and NI Audit Office representatives re-joined the meeting at 7.20pm.**

\* **The Director of Leisure & Development left the meeting at 7.20pm.**

#### 5. Year End Accounts 2015: Reports to those charged with Governance and Annual Audit Report

The following reports to those charged with Governance and Annual Audit reports were circulated:

Final North East Peace III Joint Committee 2014/15;  
Final Causeway Coast and Glens Statutory Transition Committee 2014/15;  
Final Causeway Coast and Glens District Council 2014/15;  
Final Coleraine Borough Council 2014/15;  
Final Moyle District Council 2014/15;  
Final Limavady Borough Council 2014/15.

The Local Government Auditor advised that draft Accounts had been presented at the last Audit Committee meeting, there had been no significant changes, the Accounts had been signed and certified and he invited questions.

The Ballymoney Borough Council's Accounts were now recommended for approval to sign off. The draft Ballymoney Annual Audit Report was presented along with explanatory findings and recommendations and questions invited.

It was proposed by Alderman Fitzpatrick, seconded by Councillor Hunter and **AGREED: to recommend that Council approves the Ballymoney Borough Council Accounts 2014/15.**

#### 6. Northern Ireland Audit Office Good Practice Guides

The Director of Performance provided information on Good Practice Guides issued by the Northern Ireland Audit Office, which Council would be cognisant of: Managing Fraud Risk in a Changing Environment: A Good Practice Guide; Invest to Save funding in Northern Ireland; Conflicts of Interest – A Good Practice Guide.

#### 7. Performance Management

The Director of Performance presented the report, circulated, summarised as undernoted:

***In line with the Improvement Duty under the Local Government Act (NI) 2014 (the Act), the Causeway Coast and Glens Borough Council (the Council) is required to have in place a Corporate Strategy from which key improvement objectives are identified and a subsequent Performance Improvement Plan developed.***

***The Council is also required each year to agree at least one improvement objective from the prescribed list within the Act and to set appropriate improvement targets within the Council's Performance Improvement Plan. The seven prescribed objectives are as follows:***

- ***Strategic effectiveness***
- ***Service quality***
- ***Service availability***
- ***Fairness***
- ***Sustainability***
- ***Efficiency***
- ***Innovation***

***It was agreed by the Department of the Environment that for year 1 of the new 11 Councils coming into being, the Local Government Auditor (the Auditor) would apply a "light touch" to auditing each Council's obligations under the Improvement Duty. To meet these obligations the Council is required to:***

- ***Identify (at least one) performance improvement objective by 31 May 2015. This could form part of the Council's corporate plan, but must have been in accordance with the criteria specified in the Act and easily identifiable as a performance improvement objective;***
- ***Consult upon its performance improvement objective(s) by 31 May 2015. This consultation could have been undertaken as part of the corporate planning process;***
- ***Publish its performance improvement objective(s) by 31 July 2015. This could have been part of the publication of the Council's Corporate Plan; and***
- ***Put in place a timetable and plan to develop and progress the specified performance improvement objective(s) by 30 September 2015.***

***To meet the 2015/2016 audit requirements in relation to performance improvement, a number of documents were submitted to the Local Government Auditor. These documents included:***

- ***The Council minutes relating to the rates striking process which detailed the in-year cost reduction target of £1.2m;***
- ***A report to Council identifying Efficiency as the primary performance objective linking directly to the prescribed list of performance objectives from within the Act;***
- ***A project plan relating to the development of the Council Corporate Plan;***
- ***The Corporate Plan consultation process and evidence of approval from Council;***

- **Evidence that the Corporate Plan has been published;**
- **A performance Improvement plan identifying key deliverables, staff responsible and targets; and**
- **A project plan for the performance improvement process.**

**Following the audit, the Chief Executive has received a Letter of Assurance from the Local Government Auditor, circulated.**

## **8. Revised Internal Audit Plan 2015/16**

The Director of Performance presented the report, circulated, summarised as undernoted:

**The Local Government (Accounts and Audit) Amendment) Regulations (NI) 2006 requires councils to maintain an adequate and effective system of internal audit. Internal Audit operates to standards set out in the PSIAS (Public Sector Internal Audit Standards) which came into force with effect from April 2013. The PSIAS for Internal Audit sets out standards which establish how a professional internal audit service should operate in local government. Internal audit provides an independent and objective opinion to the organisation on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.**

**The purpose of this brief report is to present an overview of our Internal Audit Plan for the 2015/16 financial year to the Audit Committee.**

### **Terms of Reference**

**The PSIAS mandate the periodic preparation of a risk-based plan, which outlines the assignments to be carried out and their respective priorities. The plan is drawn up taking into account the Departmental/Corporate Risk Registers which assist in identifying high, medium and low risk areas. The plan is sufficiently flexible to reflect the changing risks and priorities of the Council.**

**The annual risk-based audit plan is detailed in Section 3 below and outlines the assignments to be carried out, their respective priorities and the estimated resources needed. The risk-driven internal audit plan provides a continuous programme of review of corporate governance and risk management arrangements, together with the audit of the systems of internal control, including the accounting systems. This will enable audit to provide an overall assurance statement on the Council's system of risk management and internal control to inform the annual Governance Statement.**

**(A full list of audit areas was circulated for information purposes).**

### **Internal Audit Plan 2015/16**

**Following our initial consultation with senior officers and review of relevant documentation, our proposed Audit Plan for the period 2015/16 is detailed below:**

AUDIT AREA	DAYS	SCHEDULE
<b>Leisure &amp; Sports Centres</b>	40	Q1
<b>Tourism/Seasonal Facilities/Harbours &amp; Marinas</b>	45	Q2
<b>Cultural Facilities &amp; Heritage/Waste Management – Recycling Centres</b>	43	Q3
<b>Off Street Car Parking, Fleet Management &amp; Partnerships</b>	44	Q4
<b>Audit Management</b> (Quarterly/Annual Reporting, Audit Committee, Risk Management & Governance, Training, Investigations, NFI and Contingency)	45	Ongoing
<b>Total</b>	217	

**Note: Quarters are categorised as follows:**

**Quarter 1 – April-June**

**Quarter 2 – July-September**

**Quarter 3 – October-December**

**Quarter 4 – January-March**

Councillor Baird queried the auditing process for the collection of Parking Charge Notices by the Department of Regional Development on Council’s behalf. The Chief Finance Officer advised it was part of the current Service Level Agreement and was something he had been aware of.

It was proposed by Councillor Baird, seconded by Alderman Finlay and **AGREED: to recommend that Council approves the Revised Internal Audit Plan for 2015/16, circulated.**

## **9. Appointment of Independent Member**

The Director of Performance presented the report, circulated, summarised as undernoted:

***The Audit committee has a role to play in the continuing development of Good Governance within council. A key function of the audit committee is to scrutinize and advise on financial and corporate governance issues. All councils now have an audit committee and their continued effective operation is key in promoting and improving good governance.***

***Causeway Coast and Glens Borough Council agreed Terms of Reference for the Audit Committee in June 2015. The Terms of Reference covered the role of the Audit committee, audit activity, regulatory framework, accounts, membership, chair, meetings, sub-committees and working groups, and communication and reporting.***

#### ***Membership and Independence of Audit Committees***

***In order to build on the existing governance arrangements currently in place, consideration should now be given to the appointment of an independent member to the Committee.***

***As an Independent (Non-Executive) Member of the Audit Panel, the independent member would provide expert and independent advice on strategic, performance, governance, and risk management issues. The post holder would provide expert advice to Council on all matters relating to internal and external audit.***

***The post holder will play a pivotal role in supporting the Chair and other Elected Members of the Audit Committee and would bring an autonomous perspective to help the Council to deliver the highest standards of corporate governance.***

***A Draft Job Description was circulated which outlines the main purpose of the Independent Auditor, along with key responsibilities.***

***It is recommended that the Causeway Coast and Glens Borough Council consider the appointment of an Independent Member.***

It was proposed by Councillor Holmes, seconded by Councillor P McShane and **AGREED: to recommend that Council appoints an Independent Member in accordance with the Job Description, circulated.**

#### **10. Risk Matrix**

The Director of Performance presented a risk matrix, identifying 17 risks, low, medium or high in likelihood of occurring and possible low, medium or high impact on Causeway Coast and Glens Borough Council.

Councillor Clarke referred to the circulation of live legal cases at the last Committee meeting and considered this to be a useful document. The Director advised the Item would be placed as a Standing Item on the Audit Committee Agenda. The document would be updated and circulated for Members' information.

**This being all the business the meeting closed at 7.44 pm.**