



Colette Kane
Director

Northern Ireland Audit Office

106 University Street

Belfast

BT7 1EU

Direct Line : (028) 9025 1064

Fax : (028) 9025 1051

E-mail : colette.kane@niauditoffice.gov.uk

www.niauditoffice.gov.uk

 @NIAuditOffice

Mr David Jackson
Causeway Coast and Glens Borough Council
Cloonavin
66 Portstewart Road
Coleraine
BT52 1EY

20th November 2019

Dear *David*

Causeway Coast and Glens Borough Council: Audit of Accounts for the year ended 31 March 2019 - Report to those charged with Governance

The audit of the Council's Accounts for the year ended 31 March 2019 is now complete and the results of the audit, together with management's comments are set out in the enclosed Report to those charged with Governance.

We discussed the priority one points raised in the Report at our recent meeting and we note the recommendations have been accepted. It is important the agreed actions take place as matter of priority and we will monitor progress of these.

You will appreciate that the matters were identified from our normal audit procedures conducted to Auditing Practices Board standards. These are designed primarily for the purpose of forming an opinion on the financial statements and included only a limited review of your accounting systems and procedures. Consequently they may not have brought to light all the weaknesses that may exist, and our findings should not be seen as comprehensive in this respect. I have included an assessment of the risks and made recommendations that are designed to be constructive. However, I should point out that responsibility for determining whether they should be implemented, and the effects of such implementation, necessarily rests with management.

If you have any queries on the matters raised in the Report to those charged with Governance, I would be happy to discuss them with you if you would find that helpful.

I would also be grateful if the report is tabled at the next Audit Committee. The Annual Audit letter will be issued shortly.

In conclusion, may I take this opportunity to thank you and your staff for the assistance and co-operation received throughout the audit.

Yours sincerely

A handwritten signature in cursive script that reads "Colette Kane".

Colette Kane
Director

CAUSEWAY COAST AND GLENS BOROUGH COUNCIL

2018-19 Report to those Charged with Governance



13 November 2019

Contents	Page
1. Key Messages	3
2. Audit Scope	6
3. Significant Risks	7
4. Audit Findings	8
5. Appendices	20

We have prepared this report for the Council's sole use. You must not disclose it to any third party, quote or refer to it, without our written consent and we assume no responsibility to any other person.

1. Key Messages

This report summarises the key matters from our audit of the 2018-19 Causeway Coast and Glens Borough Council's financial statements which we report to the Audit Committee, as representatives of those charged with governance. We would like to thank the Chief Finance Officer and his staff for their assistance during the audit process.

We consider that we comply with the Financial Reporting Council (FRC) ethical standards and that, in our professional judgment, we are independent and our objectivity is not compromised.

Status of the Audit

Following resolution of the Audit Committee on 18 September 2019 the Chief Financial Officer signed the Statement of Accounts together with a letter of representation on 1 October 2019 (Appendix One).

The total audit fee charged is expected to be in line with that set out in our Audit Strategy which was issued in February 2019.

Audit Opinion

The Local Government Auditor (LGA) reported on the 2018-19 financial statements with an unqualified audit opinion, without modification.

Audit Certificate

The Local Government Auditor certified the accounts of the Council in accordance with the requirements of the Local Government (Northern Ireland) Order 2005 and the Local Government Code of Audit Practice. The audit certificate closes the audit and marks the point when the Local Government Auditor's statutory responsibilities in respect of the audit of the accounts for the period covered by the certificate have been discharged.

Audit Findings

During the audit we reviewed internal controls; accounting systems; and procedures to the extent considered necessary for the effective performance of the audit. We identified five priority one¹ recommendations in relation to the internal control environment. Four of these priority one recommendations had also been raised in our report on the 2017-18 audit.

¹ A priority one recommendation is defined as, "significant issues for the attention of senior management which may have the potential to result in material weakness in internal control."

Audit Judgements

In reaching our opinion we made the following key audit judgements:

- The total landfill provision of £15 million in respect of future closure and aftercare costs for three landfill sites, appears to be a reasonable estimate based on the information provided by the Council.
- Provision for the McCloud/Sargeant judgement – following recent court cases regarding the reform of pension schemes in April 2015, the government is expected to recompense members that were not subject to transitional protection arrangements. Although the legal cases related to judges and firefighters, it is expected to read across to all public sector pension schemes where transitional arrangements applied, including NILGOSC.

In June 2019, the government was refused a right of Appeal and therefore a post balance sheet adjusting provision was required to account for the additional liability. The Council adjusted the accounts to include this provision using updated figures from the Actuary. An increase in the liability of £3.5 million resulted.

Audit Adjustments

The net effect of adjusted misstatements on the Comprehensive Income and Expenditure Statement and Balance Sheet was £3,544,000. Unadjusted misstatements would reduce expenditure and increase net assets by £90,000. A full list of adjustments is provided on page 18.

Proper Arrangements

Under the Local Government (Northern Ireland) Order 2005, the Local Government Auditor should be satisfied that a Council has in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. A questionnaire was issued to the Council in 25 February 2019 and a complete response was provided on 12 September 2019. We have reviewed the responses and the supporting documentation. A number of issues were noted and they are set out in the audit findings table at Section 4.

Management of information and personal data

The Council is required to comply with the Data Protection Act 1998 and the European General Data Protection Regulations 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 (Appendix One).

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 and the European General Data Protection Regulations.

Performance Improvement

The outcome from our work in respect of Part 12 of the Local Government Act (Northern Ireland) 2014 on Performance Improvement will be reported separately to those charged with governance, as set out in the timetable in the 2018-19 Audit Strategy issued in February 2019.

Actions for the Audit Committee

The Audit Committee should review the findings set out in this report.

2. Audit Scope

We have completed our audit of the 2018-19 financial statements in accordance with International Standards on Auditing (UK) issued by the Financial Reporting Council and with the Audit Strategy presented to the Audit Committee in June 2019.

We have also read the content of the Narrative Report, Remuneration Report and Governance Statement to confirm:

- their consistency with the financial statements and our understanding of the business;
- that the audited part of the remuneration report has been properly prepared; and
- that the governance statement has been prepared in accordance with Department for Communities (DfC) guidance.

As part of our audit, we assessed:

- whether the accounting policies are appropriate to the Council's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Chief Financial Officer; and
- the overall presentation of the financial statements.

3. Significant Risks

In our Audit Strategy, our assessment of the Council's operations and control environment did not identify any significant risks. A significant risk is an identified and assessed risk of material misstatement that, in the auditor's judgement, requires specific audit consideration.

4. Audit Findings

Financial Reporting and Accounting Policies

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; judgments and the adequacy of disclosures affected by unusual or non-recurring transactions recognised during the period.

The Council has robust processes in place for the production of the accounts and continue to produce good quality supporting working papers. Officers dealt efficiently with audit queries, effectively prioritising them. Following a Council decision in August 2019, the schedule of Council and committee meetings was amended. As a result a Council meeting originally scheduled for 24th September 2019 did not take place. As a consequence the Council's accounts for 2018-19 were not signed until the subsequent Council meeting on 1st October 2019. The Department for Communities' regulations require that accounts should be signed on or before 30th September.

Narrative Report	Significant changes were required to the Narrative Report to ensure it provided sufficient information on the Council, its main objectives and strategies and the risks it faces, in line with DfC requirements.
Accounting policies and financial reporting	The accounting policies were considered appropriate.
Legality, propriety and losses	We found no legal issues or impropriety during our audit.
Internal Control	Significant control weaknesses were identified during our audit in relation to agency staff costs, leases, procurement and property registration. Further details on these are included in Section 4 of this report.
Remuneration Report	The Remuneration Report has been properly prepared in accordance with DfC directions issued under the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015.
Governance Statement	The Governance Statement is compliant with the Code of Practice on Local Authority Accounting in the UK 2018-19 and directions from DfC. It is consistent with other information we are aware of from our audit.
Financial Statement Disclosures	We have made a number of suggestions to improve narrative disclosures and to ensure completeness of the disclosures required under the Code of Practice on Local Authority Accounting and other relevant guidance. A number of financial changes were also required to the draft of accounts submitted for audit.

This section outline the findings arising from our audit, as well as management’s response and target date for implementation. Our findings are defined as:

- 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.

Other issues of a more minor nature were discussed with the Chief Finance Officer.

No.	Finding	Priority Rating	Recommendation	Management Response (including target date)
1	<p>Agency staff costs</p> <p>As noted in previous years, the Council has significant spend in relation to Agency staff. Such costs account for 31% of the Council’s total wages bill, and increased by 11% from £6.5m in 2017-18 to £7.3m in 2018-19.</p> <p>The Council was unable to provide NIAO with an analysis of Agency staff costs, detailing the reasons for the increase, the cost of seasonal workers and how many Agency staff have been employed for more than one year.</p>	1	<p>The Council should undertake an analysis to establish the reasons why Agency staff costs continue to increase year on year.</p> <p>The Council should identify its permanent staff requirement and commence recruitment as appropriate.</p>	<p>Agreed A full analysis has been completed and will be reviewed on a quarterly basis from September 2019 and progress reported to Audit Committee.</p> <p>Agreed In line with the above, and restructuring within the relevant departments. September 2019. Progress reports to be communicated to relevant committees on a regular basis.</p>
2	<p>Leases</p> <p>Whilst acknowledging the work of the Land and Property Officer to date, we note that the spreadsheet which the Council uses to identify when rent reviews are due and leases have expired is incomplete.</p> <p>We also noted that a number of leases have expired and some rent reviews have yet to take place.</p>	1	<p>The Council should ensure that all property leases held are identified and full details recorded on its spreadsheet.</p> <p>The Council should allocate sufficient resources to ensure that rent reviews and leases renewals are dealt with as</p>	<p>Agreed Work is progressing steadily in this area. December 2019</p> <p>Agreed December 2019</p>

			soon as they are due.	
3	<p>Land and Property Registration</p> <p>Review of the minutes of Land and Planning Sub-Committee meetings and subsequent discussion with the Senior Accountant revealed that some 80% of the land and property owned by the Council has yet to be registered with Land and Property Services (LPS).</p> <p>In addition, the Council does not hold title deeds to a number of sites including the Limavady, Portstewart and Coleraine Town Halls and the Joey Dunlop Leisure Centre in Ballymoney.</p> <p>This issue was raised in our report on the 2017-18 audit and we note that an additional staff member was recently recruited to address this issue.</p>	1	The Council should ensure that all land and property owned is registered with LPS.	<p>Agreed</p> <p>Land and Property Solicitor currently addressing these issues, with updates presented through Land and Property Sub-committee.</p>
4	<p>Proper Arrangements</p> <p>There was a significant delay in the return of a proper arrangements questionnaire which NIAO had sent to the Council on 25 February 2019. Although NIAO had asked for completion by 31 March 2019, we did not receive a fully completed questionnaire until 12 September 2019.</p> <p>Review of the completed questionnaire indicated that:</p> <ul style="list-style-type: none"> • A Capital Asset Management Strategy has not been developed and approved by the Council. This issue was raised in our report on the 2017-18 audit and the Council advised that one 	1	<p>The Council should ensure that a complete proper arrangements questionnaire is submitted to NIAO on a timely basis in future.</p> <p>A Capital Asset Management Strategy should be developed and approved by the Council as soon as possible.</p>	<p>Agreed</p> <p>March 2020</p> <p>Agreed</p> <p>Draft Asset Management Strategy presented to Council in October 2019.</p>

	<p>would be in place by December 2018.</p> <ul style="list-style-type: none"> The Business Continuity Plan has not been tested. This was raised in our reports on the 2016-17 and 2017-18 audits and we had advised that testing was due to commence 17 September 2018. The Council does not have a register of all contracts awarded. The Council did not have a listing of all Direct Award Contracts awarded in 2018-19. 		<p>Testing of the Business Continuity Plan should be completed as soon as possible.</p> <p>The Council should ensure that it has a listing of all contracts with suppliers to enable it to undertake appropriate contract monitoring and identify when contracts need to be extended or are due to expire.</p> <p>The Council should ensure that it compiles a listing of all Direct Award Contracts.</p>	<p>Final draft presented for approval in November 2019.</p> <p>Agreed August 2019</p> <p>Agreed Contract register to be updated.</p> <p>Agreed Revised procurement policy provides guidance and process for direct awards and has been implemented since 1 April 2019.</p>
<p>5</p> <p>(a)</p>	<p>Procurement</p> <p>During the period 1 April 2015 to 31 March 2019, the Council spent £1.9 million on the hire of vehicles. A large part of this spend was for the hire of refuse vehicles. However, the Council was unable to provide NIAO with a copy of a documented policy for the hire of vehicles or a cost/benefit analysis of purchase/hire.</p>	<p>1</p>	<p>The Council should complete an assessment to establish if the hire of vehicles is better value for money compared with the purchase. The Council should also document its policy with regards to hiring vehicles.</p>	<p>Agreed</p> <p>An initial assessment of buy v hire scenario has been completed however further analysis is required. A copy of the current analysis has been provided to NIAO.</p>

<p>(b)</p>	<p>NIAO was informed that the contract for the hire of vehicles expired recently and that whilst an EU procurement process took place, the Council did not award a contract.</p> <p>We identified a number of issues in our expenditure testing. Similar issues were raised in our report on the 2017-18 audit:</p> <ul style="list-style-type: none"> • The Council was unable to provide evidence of a tender/quotation process or direct award contract for 14 expenditure items tested. • There was no purchase order or the purchase order was dated after the invoice was raised for a number of items tested. We also noted that staff were able to reserve purchase order numbers and complete them once the invoice has been received. Absence of purchase orders effects the accuracy of the Council's monthly management accounts, as finance staff are unable to accrue the related expenditure of these items. 		<p>The Council should re-commence the EU tendering process as soon as possible in relation to the hire of vehicles. In addition, staff should be reminded of the need to ensure that where an EU procurement process has commenced, there should be strict adherence to required procedures and timeframes.</p> <p>The Council should ensure that relevant procurement policies are followed and evidence retained for all items of expenditure.</p> <p>The Council should ensure that when a purchase order is required, it is raised before any expenditure is incurred.</p> <p>The practice of reserving purchase order numbers should cease.</p>	<p>Tender currently being finalised prior to advertising.</p> <p>Revised procurement policy provides guidance and process for direct awards and has been implemented since 1 April 2019.</p> <p>Purchase ordering procedures have been reinforced since June 2019. Electronic POP being rolled out to all sites during Oct/Nov 2019.</p> <p>Functionality removed June 2019.</p>
-------------------	---	--	--	--

(c)	<p>We also noted that the Council's Procurement Officer is currently on secondment. Therefore, although procurement is being completed by capital teams and finance, there is no longer a person responsible for ensuring that the Council's procurement complies fully with its own guidance and appropriate EU requirements.</p>		<p>The Council should ensure that a Procurement Officer is in post as soon as possible.</p>	<p>Procurement officer post currently under review due to budgetary pressures. Duties of post being reallocated to other staff.</p>
<p>6</p> <p>(a)</p> <p>(b)</p>	<p>Management Accounts</p> <p>Whilst we note that there has been significant progress in the production of management accounts in 2018-19:</p> <ul style="list-style-type: none"> • they were not produced for the entire year; • there is still a significant time delay in monthly management accounts being presented at Council committees. For example Period 6 (September 2018) management accounts were not presented to the Corporate Planning and Resources Committee until 15 January 2019; and • the variance analysis information presented with the management accounts is still limited. <p>In addition, it was noted from discussions with the Accountant and review of the management accounts that, due to a limitation of the current finance system, management accounts are produced on a net balance basis. Therefore, for locations such as leisure centres the management accounts show net expenditure rather than</p>	<p>2</p>	<p>The Council should produce the management accounts on a more timely basis and present these to Council committees along with a detailed variance analysis.</p> <p>The Council should ensure that any new financial system is capable of preparing management accounts which report income and expenditure separately.</p>	<p>Agreed</p> <p>Detailed management accounts produced for periods 3, 4 and 5 thus far, period 5 presented to finance committee 24 October 2019. Period 6 due to be issued to management by end of Oct 2019. Variance analysis accompanies.</p> <p>This is a fundamental requirement identified in the need for a new system.</p>

(c)	<p>separately disclosing income and expenditure.</p> <p>Closing Ledgers Our testing of transactions identified that ledgers are being kept open to accommodate the production of management accounts.</p>		<p>The Council should endeavour to close its ledgers on a monthly basis to avoid the risk of mispostings.</p>	<p>General ledger closed up to and including P5.</p>
7	<p>Heritage Assets</p> <p>We noted that whilst an inventory and valuation of heritage assets held in museums was completed in year, a similar exercise was not undertaken for civic regalia and artefacts held in Town Halls and Civic Centres. Therefore, the Council is unable to confirm the completeness of the heritage asset listing. In addition, those assets held in Town Halls and Civic Centres are included in the asset register based on a valuation received more than 5 years ago.</p>	2	<p>The Council should ensure that a valuation is obtained for all civic regalia and artefacts held in Town Halls and Civic Centres, as soon as possible to ensure the completeness and accuracy of the asset register.</p>	<p>Agreed Valuation of remaining heritage assets to be carried out for 2019/20 accounts.</p>
8	<p>Income</p> <p>(a) We reviewed the cash handling procedures at a number of the Council's locations, and noted the following issues:</p> <p><u>Roe Valley Leisure Centre</u> Daily cash totals are not being checked by management, nor signed by the staff member who had prepared them for lodgement. In addition, daily cash reconciliations are not always signed as evidenced, contrary to required procedures.</p>	2	<p>The Council should review the income procedures at all of their locations and ensure that a consistent and appropriate approach is enforced.</p>	<p>Agreed Procedures for the 3 Tier 1 sites (including RVLC) have now been reviewed. Changes have been made to the reconciliation of each receptionists tills. Duty Officers now count all cash before it is signed off Legend as correct. It has been re-enforced</p>

<p>We also noted that income held overnight is in excess of the current safe limits.</p> <p><u>Dungiven Sports Centre</u> Lodgements are being carried out by a single member of staff who takes the cash to the post office in their own vehicle, often later in the week than specified by policy.</p> <p>We also noted that the lodgement book and cash up sheets are not being signed off by staff.</p> <p>One float is used by all staff. Consequently, if errors were to occur, it would be difficult to trace who was responsible.</p> <p><u>Drumaheglis Caravan Park and Marina</u> Collection of money from coin boxes is carried out by a single member of staff. Collection is infrequent and amounts vary.</p> <p>There is no safe facility at the site. Income is stored in a locked desk drawer in an office which is not fully covered by CCTV.</p>			<p>that Daily Cash reconciliations all require the relevant signatures. A request has been sent to finance and council's Insurance Officer for the limit of RVLC's safe to be raised from £1,000 to £4,000.</p> <p>Agreed A review of the cash procedures for the Tier 2 sites will be carried out in Dec 2019. Due to the fact the staffing levels in these centres are a lot lower than the Tier 1's, it may be a recommendation that the money is collected from Dungiven on the same day as RVLC's. With the installation of the new Leisure Management System staff will now sign on using their account details. This will mean they will have to open and close their shift, therefore meaning we now have a responsible person when/if errors are made</p> <p>Collection is now weekly, and performed by 2 staff during shift overlap as appropriate.</p> <p>A previous request for a safe has been repeated. All entrances to the building are covered by CCTV.</p>
--	--	--	---

	<p>Lodgements are being carried out infrequently by a single staff member, and income is left with reception at Cloonavin rather than in the strong room. No receipt is given.</p> <p><u>Coleraine Leisure Centre</u> Lodgements are not collected from the Leisure Centre. Three times a week two members of staff travel to Cloonavin with a substantial amount of money for collection by RMS. Finance informed us that this process changed with effect from 7 March 2019 and that lodgements are now collected directly from the Leisure Centre.</p> <p>(b) Zoggs Contract Roe Valley Leisure Centre and Coleraine Leisure Centre both sell merchandise on behalf of swimwear retailer Zoggs at 50% commission. Following audit enquiry we were advised that no contract is in place for these arrangements. Instead the two leisure centres are using a contract signed by the Joey Dunlop Leisure Centre.</p>		<p>The Council should ensure that there is signed contract in place with the retailer for each leisure centre.</p>	<p>Weekly cash amounts average £90: collection by RMS from the safe will be arranged.</p> <p>RMS now come to CLC twice a week to collect lodgements. This now means 2 members of staff do not have to travel to Cloonavin which also saves time away from their desks. This has been a very successful change.</p> <p>Council have now withdrawn from this arrangement with Zoggs. Council will now go back to a purchase for resale process, whereby we will order what we want to sell at wholesale price from DC Sports, Dublin and sell on.</p>
<p>9</p>	<p>Information provided to the Audit Committee</p> <p>We noted that the Corporate Risk Register and a listing of Direct Award Contracts are not presented at each Audit Committee meeting.</p>	<p>3</p>	<p>The Council should ensure adherence to good practice as set out in HM Treasury's Audit Committee Handbook with regards to the information presented at each meeting of the Audit Committee.</p>	<p>Agreed A listing of Direct Award Contracts will be presented at each Audit Committee meeting.</p>

<p>10</p>	<p>Prompt Payments</p> <p>NIAO noted that in 2018-19, 82% of the invoices received by the Council are paid within 30 days and 44% are paid with 10 days.</p>	<p>3</p>	<p>The Council should remind staff of the importance of authorising invoices on a timely basis to allow timely payment to suppliers.</p>	<p>The purchase ordering process referred to in point 5 will be of major influence in improving this performance. Staff reminded to ensure invoice authorisation does not be left unactioned.</p>
------------------	---	----------	--	---

A review of management’s implementation of recommendations made in our prior year Report to those charged with Governance is set out in Appendix Three – Implementation of Prior Year Recommendations.

Proper Arrangements

A number of observations and recommendations were made as a result of our work on Proper Arrangements. For further details please refer Finding 5 in the table above.

Audit Adjustments

Adjusted misstatements

During the audit process we identified the following misstatements above our clearly trivial threshold of £11,000. These misstatements have been adjusted and the net effect on the Comprehensive Income and Expenditure Statement was £3,544,000.

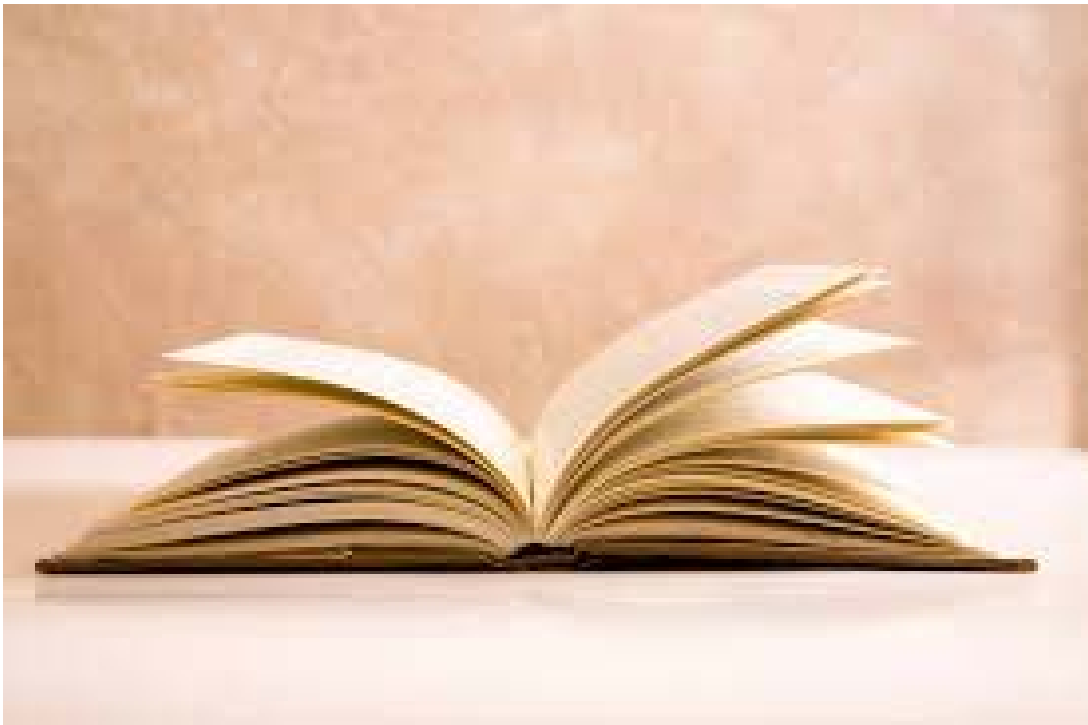
Area	Issue	CIES		BS	
		Debit	Credit	Debit	Credit
		£'000	£'000	£'000	£'000
Accruals Expenditure	Internal Audit fee not accrued.				18
		18			
General Fund Reorganisation Reserve	Task and finish payout – transfer from reorganisation reserve			188	188
Expenditure Deferred Grants General Fund Capital Adjustments Accounts	Misstatements of grants deferred balance	50			50
				50	50
Expenditure Other Long Term Liabilities General Fund Pension Reserve	Increase in past service pension costs (McCloud judgement)	3,476			3,476
				3,476	3,476
Total		3,544	0	3,714	7,258

Unadjusted misstatements

The table below lists unadjusted misstatements which exceed our clearly trivial threshold of £11,000. Uncorrected misstatements would have reduced expenditure and increased net assets by £90,000.

Area	Issue	CIES		BS	
		Debit	Credit	Debit	Credit
		£'000	£'000	£'000	£'000
Expenditure	Estimated legal costs, which is no longer required.		90		
Creditors				90	
Total			90	90	

5. Appendices



Appendix One – Letter of Representation

[Council Letterhead]

The Local Government Auditor
Northern Ireland Audit Office
106 University Street
BELFAST
BT 7 1EU

LETTER OF REPRESENTATION: CAUSEWAY COAST AND GLENS BOROUGH COUNCIL, STATEMENT OF ACCOUNTS 2018-19

I acknowledge as Chief Financial Officer of the Causeway Coast and Glens Borough Council (the Council) my responsibility for preparing accounts that give a true and fair view of the state of affairs, total income and expenditure, and cash flows of the Council for the year ended 31 March 2019.

In preparing the accounts, I was required to:

- observe the accounts direction issued by the Department for Communities (DfC), including the relevant accounting and disclosure requirements and apply appropriate accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis; and
- state whether applicable accounting standards have been followed and disclosed and explain any material departures in the accounts; and
- make an assessment that the Council is a going concern and will continue to be in operation throughout the next year; and ensure that this has been appropriately disclosed in the financial statements.

I confirm that for the financial year ended 31 March 2019:

- having considered and enquired as to the Council'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 Council to conduct its business or on the results and financial position disclosed in the accounts;
- all accounting records have been provided to you for the purpose of your audit and all transactions undertaken by the Council 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

- the information provided regarding the identification of related parties and related party transactions involving Councillors and Senior Staff is complete; and the related party disclosures in the financial statements are adequate.

All material accounting policies as adopted are detailed in note 30 to the accounts.

INTERNAL CONTROL

I acknowledge as Chief Financial Officer 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 DfC guidance on the Governance Statement.

FRAUD

I acknowledge as Chief Financial Officer 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.

I am not aware of any fraud or suspected fraud affecting the Council 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

All assets included in the Balance Sheet were in existence at the reporting period date and owned by the Council and are free from any lien, encumbrance or charge, except as disclosed in the accounts. The Balance Sheet includes all non-current assets owned by the Council.

Long Term Assets

All assets are revalued annually by Land and Property Services with an emphasis on carrying out a full market revaluation on high value assets and a desktop review of the remainder. Depreciation is calculated to reduce the net book amount of each asset to its estimated residual value by the end of its estimated useful life in the Council's operations.

Current Assets

On realisation in the ordinary course of the Council's operations the other current assets in the Balance Sheet are expected to produce at least the amounts at which they are stated. Adequate provision has been made against all amounts owing to the Council which are known, or may be expected, to be irrecoverable.

LIABILITIES

General

All liabilities have been recorded in the Balance Sheet. There were no significant losses in the year and no provisions for losses were required at the year end.

Provisions

Provision is made in the financial statements for:

- Landfill provisions of £15 million.

I am content that the landfill provision of £15 million is a reliable estimate, based on current information of the estimated capping and closure costs for the 3 sites.

Crosstagherty

As regards Crosstagherty there are no major pollution concerns.

I consider the period of 30 years for which the provision has been made for aftercare to be appropriate and represents management's best estimate.

Drumaduff

Whilst there is a lagoon with leachate at Drumaduff, due to the existence of a natural weed-bed there are currently no major pollution concerns. Further negotiations are on-going in respect of obtaining ownership of this site and we are content that the estimated cost of back rent due of £265,400 is reasonable.

I consider the period of 30 years for which the provision has been made for aftercare to be appropriate and represents management's best estimate.

I consider that the costs of vesting of the land on which the landfill is sited will not be material.

Craigahulliar

I consider the period of 60 years for which the provision has been made for aftercare to be appropriate and represents management's best estimate.

Contingent Liabilities

There are a number of legal claims or potential claims against the Council the outcome of which cannot at present be estimated with certainty. Full provision is made in the financial statements for all liabilities which are expected to materialise.

I am not aware of any pending litigation which may result in significant loss to the Council, and I am not aware of any action which is or may be brought against the Council under the Insolvency (Northern Ireland) Order 1989 and the Insolvency (Northern Ireland) Order 2005.

OTHER LIABILITIES

The net pension liability at the year end was £39,914,000. This includes an additional liability £3,476,000 arising from a successful legal challenge to the reform of the pension scheme (the McCloud/Sargeant judgement).

Having made appropriate enquiries, I am satisfied with the appropriateness of the actuarial assumptions underlying the valuation of the Council's share of the valuation of the pension scheme liabilities.

Furthermore, I confirm that:

- All significant retirement benefits, including any arrangements that are implicit in the employer's actions, have been identified and properly accounted for; and
- All settlements and curtailments have been identified and properly accounted for.

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 Council, or circumstances of an exceptional or non-recurring nature.

Unadjusted errors

The following unadjusted error has been brought to my attention:

- Legal Costs amounting to £90,000 have been included within short term creditors but are no longer required.

I consider the effect of this unadjusted error to be immaterial, to the financial statements taken as a whole.

Events after the Reporting Period

Except as disclosed in the accounts, there have been no material changes since the reporting period date affecting liabilities and commitments, and no events or transactions have occurred which, though properly excluded from the accounts, are of such importance that they should have been brought to notice.

Management of Personal Data

Except as disclosed in the Governance Statement, there have been no personal data related incidents in 2018-19 which are required to be reported.

Other Representations

IT

I confirm that there are no concerns with reliability of the IT system and I am content that it has facilitated the validity, recording, valuation and completeness of the systematic processing of transactions.

David Jackson
Chief Executive
Causeway Coast and Glens Borough Council

1st October 2019

Appendix Two – Audit Report

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

Opinion on financial statements

I have audited the financial statements of Causeway Coast and Glens Borough Council for the year ended 31 March 2019 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 including significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

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 2018-19, of the financial position of Causeway Coast and Glens Borough Council as at 31 March 2019 and its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 and the Department for Communities' directions issued thereunder.

Basis of opinion

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of this certificate. My staff and I are independent of Causeway Coast and Glens Borough Council in accordance with the ethical requirements of the Financial Reporting Council's Revised Ethical Standard 2016, and have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion.

Other Information

The Chief Financial Officer is responsible for the other information included in the Statement of Accounts. The other information comprises the information included in the Statement of Accounts other than the financial statements, the parts of the Remuneration Report described in the report as having been audited, and my audit certificate and report. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Department for Communities' directions made under the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015; and
- the information given in the Statement of Accounts for the financial year ended 31 March 2019 is consistent with the financial statements.

Responsibilities of the Chief Financial Officer for the financial statements

As explained more fully in the Statement of the Council's and Chief Financial Officer's Responsibilities for the Statement of Accounts, 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.

Auditor's responsibilities for the audit of the financial statements

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.

My objectives are to obtain 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

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 of the Local Government Auditor and Local Government Bodies.

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 2018-19;
 - does not comply with proper practices specified by the Department for Communities;

- 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 and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit, or
- I issue a report in the public interest under Article 9 of the Local Government (Northern Ireland) Order 2005; or
- I designate under Article 12 of the Local Government (Northern Ireland) Order 2005 any recommendation made to the Council; or
- I exercise the other special powers of the auditor under Article 19 to 21 of the Local Government (Northern Ireland) Order 2005.

Certificate

I certify that I have completed the audit of accounts of Causeway Coast and Glens Borough Council in accordance with the requirements of the Local Government (Northern Ireland) Order 2005 and the Local Government Code of Audit Practice.

Pamela McCreedy
Local Government Auditor
Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU

2nd October 2019

Appendix Three – Implementation of Prior Year Recommendations

Recommendation	Status
<p>Management Accounts</p> <p>The Council should produce detailed management accounts, inclusive of formal explanations for variances, for the SMT and Council members on a regular and timely manner. Input from budget holders within this process should be clearly evidenced.</p>	<p>The recommendation has not been addressed fully. For further details see Finding 6 in Section 4.</p>
<p>Agency Staff Costs</p> <p>Council should endeavour to complete the service reviews to establish the requirement for permanent staff as a matter of urgency to ensure that normal recruitment practices can commence.</p> <p>Line management should review and sign off as evidence of such review all timesheets prepared by Agency staff to ensure they are correct. HR should be informed on a timely basis of all new staff taken on through the Agency or of leavers so that records such as the master list can be appropriately updated on a timely basis.</p>	<p>The recommendation has not been addressed fully. For further details see Finding 1 in Section 4.</p> <p>We did not identify recurrence of such issues in 2018-19.</p>
<p>Leases</p> <p>The Council should introduce a system to highlight rent and leases due for renewal. Additional resources should be provided to complete the outstanding work in this area as a matter of urgency.</p>	<p>The recommendation has not been addressed fully. For further details see Finding 2 in Section 4.</p>
<p>Land and Property Registration</p> <p>It is important that Council provides the necessary resources needed to ensure all land and property owned by the Council is appropriately registered. Given the significance of the losses to date this should be treated as a priority.</p>	<p>The recommendation has not been addressed fully. For further details see Finding 3 in Section 4.</p>

<p>Prompt action needs to be taken when encroachments are identified through the Geographical Information System to ensure land owned by the Council is not lost.</p>	
<p>Attendance at business events</p> <p>Attendance at future events funded by Council should be carefully considered to ensure there is no political involvement either directly or indirectly.</p>	<p>No attendance at such events occurred in 2018-19.</p>
<p>Journals Authorisation and Audit Trail</p> <p>Journal vouchers should be completed and attached to the journal. The Council should ensure that there are appropriate segregation of duties between the members of staff who create, approve and post the journals.</p> <p>As a control over the visibility of the completeness of journals, Council should ensure that all journals are both numbered and filed consecutively.</p> <p>Appropriate evidence for the journal should always be attached to the Journal Voucher.</p> <p>Council should consider an upgrade to the current system to reduce the number of apparent system errors.</p>	<p>We did not identify recurrence of such issues in 2018-19.</p> <p>We are satisfied that the Council has taken adequate steps to strengthen its procedures in respect of journals.</p>
<p>Landfill Provision</p> <p>Management should seek an update from the consultants as to the likely costs of closure and capping for the Craighulliar landfill site in order to ensure the current provision is accurate and therefore adequate for future needs.</p>	<p>The Council obtained an updated report for Craighulliar landfill site during 2018-19.</p>
<p>Proper Arrangements</p> <p>One person should be assigned the duty of pulling the information together needed to complete the questionnaire to ensure it is returned to NIAO on a timely basis.</p>	<p>These recommendations have not been addressed fully. For further details see Finding 4 in Section 4.</p>

<p>A capital asset management strategy should be formally developed and approved by Council.</p> <p>Council should consider getting the IT systems accredited to ensure they are secure.</p> <p>Testing of the Business Continuity Plan should be completed to ensure inherent weaknesses in the policy can be appropriately addressed.</p> <p>The financial regulations and the financial guidelines and procedural manual which underpin them should be completed and ratified to ensure all staff are aware of their roles and respective responsibilities.</p> <p>The Council should issue guidance on the use of single tender actions and keep an up to date list of any single tender actions awarded.</p>	
<p>Expenditure</p> <p>The Council should review its expenditure controls to ensure that they operate as designed including the attachment of appropriate audit evidence to the invoices.</p> <p>It is important that line management are made aware of their responsibility to ensure that appropriate checks are made against agreed contract prices/ rates before invoices are authorised for payment.</p>	<p>Issues in relation to expenditure and procurement were identified in 2018-19. For further details see Finding 5 in Section 4.</p> <p>We did not identify recurrence of such issues in 2018-19.</p>
<p>Property, Plant and Equipment</p> <p><u>Heritage Assets</u> Council should consider whether or not the de minimus level of £10k is appropriate for this category of asset given their Cultural significance and the fact that they will not be sold. If they are to be held off balance sheet then a note disclosing the amount held on a Museum Register should be disclosed within the financial statements each year.</p> <p><u>Investment Properties</u> Council should review the list of Investment Properties and satisfy themselves that they fully meet the definition as set out in relevant accounting guidance. Valuations should be</p>	<p>We are satisfied that the Council addressed these issues in 2018-19.</p>

<p>obtained for those assets considered to be Investment Properties.</p> <p><u>Surplus Assets</u> Council should review these assets and reclassify as Surplus Assets.</p>	
<p>Declaration of interests</p> <p>The Council should ensure that declaration of interests are received from each Council member in time for the accounts closure.</p>	<p>We are satisfied that the Council obtained declaration of interest returns for each Council member in 2018-19.</p>