



Northern Ireland Audit Office

# Report to those charged with Governance

**Causeway Coast and Glens Borough Council**  
**2020-21**



9 November 2021

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*We have prepared this report for Causeway Coast and Glens Borough 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

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This report summarises the key matters from our audit of the 2020-21 Causeway Coast and Glens Borough Council's financial statements which we must report to the Audit Committee, as those charged with governance. We would like to thank the Director of Finance and his staff for their assistance during the audit process.

### Audit Opinion

The Local Government Auditor (LGA) certified the 2020-21 financial statements with an unqualified audit opinion, without modification on 28<sup>th</sup> September 2021.

### Audit Certificate

The Local Government Auditor certified completion of the audit of 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.

The Audit Certificate is included at [Appendix Two](#).

### Misstatements

#### Financial Statement Adjustments

The net effect of adjustments on the Comprehensive Income and Expenditure Statement and Balance Sheet was £104,000.

#### Uncorrected misstatements

Uncorrected misstatements would decrease spend and increase net assets by a further £116,000.

### 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 one recommendations in relation to the internal control environment.

Full details of findings are included at [Findings from the Audit](#).

### 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 and completed by the Council. 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.

## Status of the Audit

The audit is now complete. The Chief Financial Officer signed the Statement of Accounts together with a letter of representation, the wording of which is included at [Appendix One](#).

The total audit fee to be charged is in line with that set out in our Audit Strategy.

## Independence

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

Non-audit services were provided to the Council for participation in the National Fraud Initiative. The fee charged was £1,244.

In addition, we are currently conducting an extraordinary audit on land disposals and easements and related asset management policies and procedures as directed by the Minister for Communities.

## Management of information and personal data

The Causeway Coast and Glens Borough Council is required to comply with the General Data Protection Regulations (GDPR) in the handling and storage of personal data. 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 to this effect was sought within the letter of representation included at [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 General Data Protection Regulation (GDPR) and Data Protection Act 2018.

## 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 2020-21 Audit Strategy.

## 2. AUDIT SCOPE

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We have completed our audit of the 2020-21 financial statements in accordance with International Standards on Auditing (UK) (ISAs) issued by the Financial Reporting Council; with Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'; and with the Audit Strategy presented to the Audit Committee in March 2021.

There are no new matters to communicate concerning the planned scope and timing of the audit.

### 3. SIGNIFICANT RISKS

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The significant risks identified in our Audit Strategy have been addressed as follows:

#### Significant Risk 1

##### Management override of Controls

Under ISA (UK) 240, there is a presumed significant risk of material misstatement due to fraud through management override of controls.

#### Audit Response

As required by ISA (UK) 240, we:

- tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;
- reviewed accounting estimates for biases and evaluate whether the circumstances producing the bias, if any, represent a risk of material misstatement due to fraud;
- considered significant transactions that are outside the normal course of business for the entity, or that otherwise appear to be unusual.

#### Outcome

No issues were noted in respect of management override of controls.

No additional significant risks were identified during our audit fieldwork.

## 4. FINDINGS FROM THE AUDIT

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### Financial Reporting

As part of our audit, we evaluate the qualitative aspects of accounting practices and financial reporting. In this section we draw to your attention any significant changes or issues in respect of accounting policies; accounting estimates; and financial statement disclosures.

Causeway Coast and Glens Borough Council has processes in place for the production of the accounts and continue to produce quality supporting working papers. Officers dealt with audit queries, effectively prioritising them, and the audit process has been completed within the planned timescales.

#### Accounting Policies

Accounting policies adopted by the Council have not changed or altered since the prior year financial statements. Our substantive testing has provided us with sufficient assurance over the accuracy of the estimates adopted.

We examined the appropriateness of accounting estimates and judgements and are content with the consistency of assumptions and the degree of prudence reflected in the recorded amounts.

On this basis we can conclude that the quality, effectiveness and transparency of financial reporting and accounting at Causeway Coast and Glens Borough Council is appropriate.

#### Accounting Estimates

We examined the appropriateness of accounting estimates and judgements and are content with the consistency of assumptions and the degree of prudence reflected in the recorded amounts.

#### 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.

#### Going Concern

No events or conditions were identified from our audit work that cast significant doubt about Causeway Coast and Glens Borough Council's ability to continue to adopt the going concern basis of accounting.

#### Narrative Report

The Narrative Report was considered to be consistent with our understanding of the business, and was in line with the other information provided in the financial statements.

## Remuneration Report

The parts of the Remuneration Report to be audited were considered to be properly prepared in accordance with Department for Communities (DfC) directions issued under the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015. We suggested some changes in relation to disclosures within the Remuneration Report.

## Governance Statement

Our review of the Governance Statement confirmed that it complies with the Code of Practice and the Department for Communities Accounts Direction. We provided management with a number of minor observations and suggested disclosure changes to improve the narrative and completeness of disclosures within the Governance Statement.

## Legality, Propriety and Losses

We found no issues in relation to illegality, impropriety or losses during our audit.

## Internal Control

No material weaknesses in the design and implementation of the Council's internal control systems have come to our attention during the audit. However, certain internal control weaknesses were identified during audit testing and have been detailed below.

## Related Parties

No significant matters were arising during the audit in connection with Causeway Coast and Glens Borough Council's related parties.

## Increase in usable reserves

Council's usable reserves have increased from £9.3 million at 31<sup>st</sup> March 2020 to £16.7 million at 31<sup>st</sup> March 2021, an increase of £7.4 million. It is important that there are clear plans to utilise these reserves in the future.



## Audit Recommendations

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.

### Finding 1 Proper Arrangements

Our review of the Proper Arrangements questionnaire completed by the Council identified the following issues:

- Whilst the Council has a contracts register in place, it appears that Council are using a number of contracts which have expired.
- Although £153,409 was spent on vehicle hire during the three month period January to March 2021, vehicle hire is not included in the contracts register. As a result the contracts register may be incomplete.
- The Procurement Officer left the Council in February 2021. Whilst the Council have tried to recruit a new member of staff, no one had been appointed at the time of audit.
- Whilst the Council has prepared a Financial Recovery Plan, work to turn this financial strategy into a rolling 3 to 5 year financial plan is still on-going.
- Council advised that there had been ten whistleblowing/allegations of fraud in the last two years, five in 2019-20 and five in 2020-21. However, although it is best practice to inform the LGA of all suspected/alleged frauds, the NIAO had only been sent notifications for two cases prior to September 2021.

### Priority Rating

1

### Recommendation

Council should undertake periodic review of the contracts register to identify any contracts that are due to expire and ensure that sufficient time is left before the end of contracts to allow for tendering of new contracts.

Council should ensure that the contracts register is kept up-to-date and includes all contracts, regardless of the method of procurement.

Council should ensure that appropriately qualified staff are in post at all times to deal with procurement.

Council should ensure that work on the rolling 3-5 year financial plan is completed as soon as possible.

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Council should ensure that NIAO and the Department for Communities are notified of all suspected/alleged frauds as soon as these as detected.

Management Response (including target date)

**Points accepted.**

**CONTRACT REGISTER:** A contract register is now managed, updated, and maintained by a dedicated finance resource with support from a Finance Officer and Director of Finance who reviews the data. A proposed header template, using Departmental guidance, is used to record data. Communications through SLT and various staff meetings remind Heads of Service to use the template. Peer to peer support and review is ongoing with other councils on best practice managing the contracts register.

The contracts register now includes lease hire.

**PROCUREMENT SPECIALIST:** From March 2021, agency support was sought for a Procurement Specialist across Northern Ireland, without success. Parallel running to this, CC&GBC sought to recruit permanent, with candidates shortlisted for a late July 2021 interview. All candidates withdrew prior to interview. The Procurement Role was re-advertised with candidates shortlisted in October and interviews planned early November 2021. The Chief Finance Officer provides oversight of the eSourcing portal. An independent specialist procurement company that supports other NI councils provided an 8 day risk review of procurement. Further limited support is available from a large accounting firm, who are supporting our Agency ITT. If necessary, further support can be obtained through the accounting firm supporting the Agency ITT, on approval through Council.

**3-5 YEAR FINANCIAL PLAN:** A high level Financial Recovery Plan exists that supports a 4-year (council term) financial plan. Work is ongoing with Finance Committee and Council to develop a 4-year plan. A more detailed plan will be completed within this financial term.

**RAISING CONCERNS/WHISTLEBLOWING:** Agreed - Council will ensure that NIAO and the Department for Communities are notified of all suspected/alleged frauds as soon as these as detected.

## Finding 2 Procurement

During the testing of expenditure, NIAO identified three instances where Council had awarded contracts without tendering or quotations. In addition, Council was unable to provide Direct Award Contracts for these three items of expenditure.

NIAO also identified an instance where, although a price comparison had been undertaken for the two companies in Northern Ireland who could provide the required items, Council did not have a contract in place with cheapest supplier.

Council was unable to provide tender evaluations completed by individual panel members and their declarations of interest in respect of a contract awarded in year. Council advised that due to Covid, the evaluation meeting was held on MS Teams so hard copies of the various panel member documents were not presented.

## Priority Rating

1

## Recommendation

Council should ensure that tendering is undertaken or quotations are obtained in accordance with Council's procurement policy.

Council should ensure that where tendering has not been undertaken or quotations obtained, a Direct Award Contract is completed, appropriately authorised and retained.

Council should ensure that contracts are in place with all suppliers.

Regardless of how the tender evaluation meeting takes place, individual panel member evaluations and declarations of interest should be completed and retained in order to ensure compliance with best practice and demonstrate that there are no conflicts of interest.

## Management Response (including target date)

### **Points accepted.**

Recruitment for a Procurement Specialist is ongoing as indicated in prior point with a second advertised interview dates planned in November. Expert procurement advice and oversight has been sought through external independent consultants in July, with further large accounting firm support ongoing for the Agency ITT.

SLT, Budget Holders and Project Managers are routinely reminded of the procurement policy. The Director of Finance will record procurement related issues that are discussed at SLT and feed back to the Finance Team.

A Contract Register is in place and ongoing actions are taking place to improve the functions as indicated above. This is a living document and will continue to improve through the year.

The Director of Finance and Chief Finance Officer provides oversight of the function while recruitment takes place to recruit a Procurement Specialist.

Ongoing procurement training in-house to grow the procurement function is actively ongoing.

### Finding 3 Land Registration & Council Title

NIAO undertook a review of title deeds using the Council's Geographic Information System (GIS) which incorporates the land and property registration system. We noted that approximately 47 percent of the Council's land and buildings had not been registered with Land and Property Services as at 31 March 2021.

Whilst the percentage of Council's land and buildings which has not been registered had not reduced significantly on that at the previous year end (50 per cent at 31 March 2020), we noted that significant work has been undertaken on first registrations since we first raised this issue in the 2018-19 RTTCWG when 80 per cent of the Council's land and buildings was not registered.

In addition, Council identified three properties where a significant part of the Council's title may be missing as there is a gap on their GIS. This issue would not have been identified but for the comprehensive system the Council has in place for the mapping of the assets. Council advised NIAO that there are no known third party claims and that any claim against council for ownership for the three properties is unlikely to be successful.

NIAO noted that work continues to secure title to seven properties included within the Fixed Asset Register and Balance Sheet which Council had identified it does not hold title to and which were reported in the 2019-20 RTTCWG. Council has secured title of the eighth property, Coleraine Town Hall.

### Priority Rating

1

### Recommendation

Council should continue with the process of first registration to ensure that all land and property owned is registered with LPS as soon as possible.

Council should ensure that it secures title for all land and property included in the Fixed Assets Register and Balance Sheet as a matter of urgency.

### Management Response (including target date)

#### **Agreed.**

Council continue with the process of first registration and securing title for all land and property included in the Fixed Asset Register and Balance Sheet.

A progress report is presented to Land and Property Sub-Committee on a quarterly basis regarding Council Title and First Registration. As at September 2021, in terms of Title, 91.39% of title was confirmed, with 62.94% of Land is registered.

#### Finding 4 Agency Costs

In prior years' RTTCWG we noted the high level of agency costs. Although agency costs in 2020-21 of £6.1 million were down from £7.9 million in 2019-20, they still account for 27 per cent of the Council's 2020-21 total salary bill when Council employed staff were on furlough (33 per cent in 2019-20).

NIAO noted that whilst the permanent staff requirement had been identified in the Populating the Organisational Structure report presented to the Corporate Policy and Resources Committee in November 2020, this exercise has yet to be completed. Council are continuing to work with Directors, Heads of Department, and the recognised Trade Unions to agree on the terms and conditions of employment for both Environmental Services and Leisure and Development Directorates. Once permanent staff have been assimilated, Council will recruit to fill any vacancies identified.

At a meeting of the Corporate Policy and Resources Committee in August 2021, Councillors raised concerns about the uncertainty facing agency staff who have worked for the Council for a long time and the fact that they do not benefit from holiday or sick pay or are able to avail a pension. However, there is no entitlement to offer a permanent post to agency staff after any period of time.

#### Priority Rating

1

#### Recommendation

Whilst noting that the use of agency staff may be required for periods of sick or maternity leave and seasonal posts, Council should ensure that populating the organisation structure is completed as soon as possible and that any vacancies are filled, thereby reducing the use of agency staff.

#### Management Response (including target date)

##### **Agreed.**

A monthly report is presented to Corporate Policy & Resources Committee regarding progress on Agency Workers and Vacancy Control and Populating the Organisation Structure. Pending agreement on the new terms and conditions, recruitment will commence regarding the vacant posts in 2022.

Simultaneously preparation for the Agency ITT is ongoing ahead of the March 2022 deadline with plans and forecasts within the tender that reflects the new organisational structure and reduced agency support in the future

## Finding 5 Leases

In prior years issues were noted in relation to expired leases and rent reviews. Our review of leases as part of the 2020-21 audit identified that:

- Of the fourteen leases that Council have marked as being reviewed, five of the leases expired on 1 April 2021, four expired in 2019 and one expired in 2018.
- Two properties continue to be used by the lessees even though the leases expired on 1 April 2021 and 1 April 2019.

## Priority Rating

1

## Recommendation

Council should ensure all rent reviews and lease renewals are dealt with as soon as they are due.

## Management Response (including target date)

### **Agreed.**

In June 2021 the Land and Property Sub-Committee was advised that the L&P had commenced a review of all outstanding leases renewals and rent reviews, and a quarterly update would be brought back to the Land & Property Sub-Committee in September 2021, and quarterly thereafter.

A review of management's implementation of priority one recommendations made in our prior year Report to those charged with Governance is set out at [Appendix Three](#).

### **Proper Arrangements**

A number of observations and recommendations were made as a result of our work on Proper Arrangements. For further details please refer to Finding 1 in the table above.

## 5. MISSTATEMENTS

### Adjusted misstatements

During the audit process we identified the following misstatements above our clearly trivial threshold of £12,321. These misstatements have been adjusted and the net effect on the Comprehensive Income and Expenditure Statement and Balance Sheet was £104,000.

Area	Issue	CIES		Balance Sheet	
		Debit £'000	Credit £'000	Debit £'000	Credit £'000
PPE cost PPE Accumulated Depreciation Loss on Disposal	Portacabin transferred to Coleraine FC	13		24	37
Leisure & Development Income  Short term Debtors	Public Realm Grant not recoverable	46			46
Environmental Service Income Short term Debtors Short term Creditors	Reallocation of Public Health Agency Grant & Removal of Debtor	45			39 6
<b>TOTAL</b>		<b>104</b>	<b>0</b>	<b>24</b>	<b>128</b>
<b>NET EFFECT</b>		<b>104</b>			<b>104</b>

## Uncorrected misstatements

The table below lists unadjusted misstatements which exceed our clearly trivial threshold of £12,321. Uncorrected misstatements would decrease expenditure and increase net assets by a further £116,000.

Area	Issue	CIES		Balance Sheet	
		Debit £'000	Credit £'000	Debit £'000	Credit £'000
Staff Costs	Accumulated employee absences accrual overstated		71		
Employee creditors				71	
Accumulated absences reserve					71
General Fund				71	
Deferred Revenue Grant Receipts in advance	Deferred Rev Grant posted to Receipts in Advance in error			15	15
Short term creditors Audit expenditure	Extraordinary Audit Fees overstated as total audit cost used rather than the 2020-21 element		45	45	
<b>TOTAL</b>		0	116	202	86
<b>NET EFFECT</b>			<b>116</b>	<b>116</b>	



## APPENDIX ONE

### LETTER OF REPRESENTATION

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#### [Client Letterhead]

The Local Government Auditor  
Northern Ireland Audit Office  
1 Bradford Court  
Galwally  
BELFAST  
BT8 6RB

### LETTER OF REPRESENTATION: CAUSEWAY COAST AND GLENS BOROUGH COUNCIL 31<sup>ST</sup> MARCH 2021

As Chief Financial Officer of Causeway Coast and Glens Borough Council I have fulfilled my responsibility for preparing accounts that give a true and fair view of the state of affairs, total income and expenditure, cash flows, and movements in reserves; and the related notes of the Causeway Coast and Glens Borough Council for the year ended 31<sup>st</sup> March 2021.

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 Causeway Coast and Glens Borough 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<sup>st</sup> March 2021:

- having considered and enquired as to Causeway Coast and Glens Borough 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 Balance Sheet disclosed in the accounts;
- all accounting records have been provided to you for the purpose of your audit and all transactions undertaken by Causeway Coast and Glens Borough Council have been properly

recorded and reflected 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 is complete; and the related party disclosures in the financial statements are adequate.

All material accounting policies as adopted are detailed in note 1 to the accounts.

## INTERNAL CONTROL

I have fulfilled my responsibility as Chief Financial Officer 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 DoF guidance on the Governance Statement.

## FRAUD

I have fulfilled my responsibility as Chief Financial Officer 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 Causeway Coast and Glens Borough 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 Causeway Coast and Glens Borough Council and free from any lien, encumbrance or charge, except as disclosed in the accounts. The Balance Sheet includes all tangible assets owned by the Council.

### Non Current Assets

All assets capable of being used for a period exceeding one year are capitalised. Land and Property assets are revalued on a 5 year rolling basis with 20% of assets being subject to a physical valuation each year and ensuring that the remaining 80% does not differ materially by providing up to date revaluations at intervals of no more than 5 years. 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.

Investment properties are capitalised and re-valued annually according to market conditions and are not depreciated. Gains and losses are recognised in the Comprehensive Income and Expenditure Statement

### Other Current Assets

On realisation in the ordinary course of the Causeway Coast and Glens Borough 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.

All litigation and claims have been disclosed to you and correctly accounted for.

### Provisions

Provision is made in the financial statements for:

- Landfill provision of £13.9 million

I am content that the landfill provision of £13.9 million is a reliable estimate, based on current information of the estimated capping and closure costs for the three landfill 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 £56.9 million.

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 Causeway Coast and Glens Borough Council, or circumstances of an exceptional or non-recurring nature.

#### Uncorrected Misstatements

The following uncorrected misstatement has been brought to my attention:

- Accumulated absences balance has been overstated by £71,000.

I consider the effect of this uncorrected misstatement 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.

#### Accounting Estimates

The methods, significant assumptions and the data used in making the accounting estimates and the related disclosures are appropriate to achieve recognition, measurement or disclosure that is in accordance with the financial reporting framework.

#### Management of Personal Data

Except as disclosed in the Governance Statement, there have been no personal data related incidents in 2020-21 which are required to be reported.

#### Other Representations

We have considered the changes to IAS 19 (Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) and taken the advice of the Actuary and concluded that there has been not been a plan amendment, curtailment or settlement.

**David Jackson**  
**Chief Executive**  
**Causeway Coast and Glens Borough Council**

**20<sup>th</sup> September 2021**

## APPENDIX TWO AUDIT CERTIFICATE

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### **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 2021 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. The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting on the United Kingdom supported by International Financial Reporting Standards (IFRS) as adopted by the European Union.

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 2020-21, of the financial position of Causeway Coast and Glens Borough Council as at 31 March 2021 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 for opinion**

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK). 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 2019, 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.

#### **Conclusions relating to going concern**

In auditing the financial statements, I have concluded that Causeway Coast and Glens Borough Council's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on Causeway Coast and Glens Borough Councils ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

The going concern basis of accounting for Causeway Coast and Glens Borough Council is adopted in consideration of the requirements set out in the CIPFA Code of Practice on Local Authority Accounting, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

My responsibilities and the responsibilities of the Chief Financial Officer with respect to going concern are described in the relevant sections of this report.

### **Other Information**

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 that report as having been audited, and my audit certificate and report. The Chief Financial Officer is responsible for the other information included in the Statement of Accounts. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

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 I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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, based on the work undertaken in the course of the audit:

- 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 2021 is consistent with the financial statements.

### **Matters on which I report by exception**

In the light of the knowledge and understanding of Causeway Coast and Glens Borough Council and its environment obtained in the course of the audit, I have not identified material misstatements in the Statement of Accounts.

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 2020-21;
    - 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.

### **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 in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- such internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- assessing Causeway Coast and Glens Borough Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by Causeway Coast and Glens Borough Council will not continue to be provided in the future.



## **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 reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue a certificate that includes my opinion. 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.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included:

- obtaining an understanding of the legal and regulatory framework applicable to Causeway Coast and Glens Borough Council through discussion with management and application of extensive public sector accountability knowledge. The key laws and regulations I considered included the Local Government (Northern Ireland) Order 2005;
- making enquires of management and those charged with governance on Causeway Coast and Glens Borough Council's compliance with laws and regulations;
- making enquiries of internal audit, management and those charged with governance as to susceptibility to irregularity and fraud, their assessment of the risk of material misstatement due to fraud and irregularity, and their knowledge of actual, suspected and alleged fraud and irregularity;
- completing risk assessment procedures to assess the susceptibility of Causeway Coast and Glens Borough Council's financial statements to material misstatement, including how fraud might occur. This included, but was not limited to, an engagement director led engagement team discussion on fraud to identify particular areas, transaction streams and business practices that may be susceptible to material misstatement due to fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, expenditure recognition, posting of unusual journals;
- engagement director oversight to ensure the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with the applicable legal and regulatory framework throughout the audit;
- documenting and evaluating the design and implementation of internal controls in place to mitigate risk of material misstatement due to fraud and non-compliance with laws and regulations;
- designing audit procedures to address specific laws and regulations which the engagement team considered to have a direct material effect on the financial statements in terms of misstatement and irregularity, including fraud. These audit procedures included, but were not limited to, reading Council and committee minutes, and agreeing financial statement disclosures to underlying supporting documentation and approvals as appropriate, and
- addressing the risk of fraud as a result of management override of controls by:

- performing analytical procedures to identify unusual or unexpected relationships or movements;
- testing journal entries to identify potential anomalies, and inappropriate or unauthorised adjustments;
- assessing whether judgements and other assumptions made in determining accounting estimates were indicative of potential bias; and
- investigating significant or unusual transactions made outside of the normal course of business.

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](http://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.

### **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.

On 30 November 2020, in line with Article 22 of the Local Government (Northern Ireland) Order 2005, the Minister for Communities directed me to undertake an extraordinary audit of the accounts of Causeway Coast and Glens Borough Council concentrating on land disposals and easements and related asset management policies and procedures. This audit is on-going.

**Colette Kane**  
**Local Government Auditor**  
**Northern Ireland Audit Office**  
**1 Bradford Court**  
**Galwally**  
**BELFAST**  
**BT8 6RB**

**28<sup>th</sup> September 2021**

## APPENDIX THREE

### IMPLEMENTATION OF PRIOR YEAR PRIORITY ONE RECOMMENDATIONS

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#### Draft Annual Financial Statements and backup Recommendation

Council should ensure that the Finance team is suitably resourced to enable a thorough review of the accounts before they are submitted to audit.

Council should ensure that its procedures are updated to prevent recurrence of the issues identified during the 2019-20 audit.

Council staff should be reminded that all audit requests should be dealt with in a prompt manner.

Sufficient documentary evidence should be obtained and retained for all accounting entries and transactions.

#### Status

Production of the 2020-21 accounts was overseen by the Director of Finance and the Chief Finance Officer.

Procedures were revised to prevent recurrence of issues identified in 2019-20.

Audit requests were dealt with in an appropriate manner.

Sufficient backup documentation was presented to audit.

#### Council Title Recommendation

Council should ensure that it secures title for all properties included in the Fixed Assets Register and Balance Sheet as a matter of urgency.

#### Status

See Finding 3 in Section 4.

#### Agency Costs Recommendation

Council should identify its permanent staff requirement and commence recruitment as appropriate as soon as possible.

#### Status

See Finding 4 in Section 4.

#### Land Registration Recommendation

Council should ensure that all land and property owned is registered with LPS as soon as possible.

#### Status

See Finding 3 in Section 4.

#### Leases Recommendation

Council should ensure all rent reviews and leases renewals are dealt with as soon as they are due.

#### Status Recommendation

See Finding 5 in Section 4.

#### Management Accounts and Budgeting Recommendation

Council should ensure that a detailed variance analysis is submitted with each month's management accounts.

In advance of the purchase of a new system, Council should explore whether it is possible to prepare management accounts which identify income and expenditure separately.

Council should strengthen the documentation surrounding its budget setting process, ensuring it a more robust and transparent process.

#### Status Recommendation

NIAO's examination of the management accounts, which are now presented to the Finance Committee, noted that they contain a more detailed variance analysis and that the accounts are split between income and expenditure. In addition, the budgeting process for 2021-22 has amended to address NIAO's recommendation.

#### Proper Arrangements Recommendation

Council should ensure that the contracts register is kept up-to-date and includes all contracts, regardless of the method of procurement.

In addition, Council should ensure that appropriately qualified staff are in post at all times to deal with procurement.

Council should ensure that the business continuity plan for finance and payroll is tested fully as soon as possible.

Council should ensure that all outstanding strategies, policies and codes are developed and approved as soon as possible. Council should also ensure that policies are reviewed on a regular basis and updated as necessary.

Council should ensure that its information security arrangements are ISO 27001 compliant and seek accreditation.

#### Status

See Finding 1 in Section 4.

#### Procurement Recommendation

Council should ensure that a tendering process for the hire of vehicles is completed as soon as possible.

Council should ensure that all procurement is completed in accordance with Council's guidance and that all procurement documentation is retained.

#### Status

See Finding 2 in Section 4.

#### Heritage Assets Recommendation

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.

#### Status

A valuation was obtained during 2020-21. However, three items included in the Fixed Asset Register with a Net Book Value have yet to be revalued. The need to obtain a valuation for these three items has been brought to the attention of Finance Staff.