

Report to those charged with Governance

Causeway Coast and Glens Borough Council
2022-23

Date of Issue

22 March 2024

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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

This report summarises the key matters from our audit of the 2022-23 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 Chief Financial Officer and his staff for their assistance during the audit process.

Audit Opinion

The Local Government Auditor (LGA) reported on the 2022-23 financial statements with an unqualified audit opinion, without modification on 27 September 2023.

Audit Certificate

The Local Government Auditor also 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 £32,000.

Uncorrected misstatements

There were no uncorrected misstatements in the financial statements above the clearly trivial threshold.

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 two 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. One priority two recommendation is noted in the Audit Findings section of this report in relation to policies and procedures.

Status of the Audit

The audit is complete. The Chief Financial Officer signed the Statement of Accounts together with a letter of representation which is included at [Appendix One](#) on 25 September 2023.

The total audit fee 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.

We charged a fee of £1,314 for work associated with the Council's participation in the National Fraud Initiative.

Management of information and personal data

Causeway Coast and Glens Borough Council is required to comply with the UK General Data Protection Regulations (UK 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 has been 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 UK General Data Protection Regulation (UK 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 timetable in the 2022-23 Audit Strategy.

Actions for the Audit Committee

The Audit Committee should review the findings set out in this report, including management responses.

2. Audit Scope

We have completed our audit of the 2022-23 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 June 2023.

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

3. Significant Risks

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 will:

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

Outcome

No significant issues in relation to management override of controls were identified.

Significant Risk 2

Financial Resilience

The current cost of living crisis and high inflation rates have had a significant impact on council finances. There are continuing challenges for councils to deliver a balanced budget within the current environment.

Costs have increased in multiple areas, such as utilities, construction, and pay settlements.

Audit Response

We will:

- consider the Chief Financial Officer's assessment of the going concern basis for the preparation of the accounts;
 - examine financial projections and plans prepared by Council; and
 - consider the disclosures regarding the financial position included within the 2022-23 Statement of Accounts.
-

Outcome

No significant issues in relation to Financial Resilience were identified.

The Chief Executive reports that the estimates presented as part of the rate setting process are sufficiently robust to allow Council to deliver all its service in 2023-24. The Council holds a General Reserve balance above the Department for Communities (DfC) recommended level of 5 – 7.5% of Net Operating Expenditure, which the Chief Executive deems adequate.

Significant Risk 3 Procurement

In previous audits we raised issues in relation to procurement. We noted that procurement procedures had not been followed, including the completion of direct award contract documentation.

Audit Response

We will:

- consider the processes and procedures in place around procurement and direct award contracts; and
 - review a sample of contracts awarded in year by the Council, including direct award contracts.
-

Outcome

See Finding 1 in Section 4 below in relation to the outcome of or testing on the significant risk 'Procurement'.

Significant Risk 4

Management of Councils Land and Buildings

In prior years issues have been raised in relation to the Council not renewing leases or conducting rent reviews on leases which have expired.

We note also that following the NIAO's Extraordinary Audit a number of findings in relation to the Council's Land and Property policies and procedures.

Audit Response

We will:

- review Council's leases to ensure appropriate rent reviews have been completed and leases have been renewed on a timely basis;
- review Council's Land and Property policies and procedures in light of Extraordinary Audit findings;
- review a sample of land and building disposals during the financial year.

Outcome

See Finding 2 in Section 4 below in relation to the outcome of or testing on the significant risk 'Management of Councils Land and Buildings'.

No additional significant risks were identified during our audit fieldwork.

4. Findings from the Audit

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 adequate supporting working papers. Officers dealt with audit queries, 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.

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.

We note the immediate financial pressures posed by goods and pay inflation and some of the funding challenges presented by the regional budget settlement for Northern Ireland which could have resulting impact on Council activities. It is therefore essential that detailed financial projections and the careful monitoring of spend is given priority.

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

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

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 observations and suggested 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.

We note there was a NIPSO investigation report published (July 2023) in relation to a complaint received about how Causeway Coast and Glens Borough Council conducted a procurement exercise in March 2021 for a three-year concessionary licence to trade. The outcome of the NIPSO investigation report concluded that there were findings of maladministration.

We further note there was a NIPSO investigation report published (October 2023) in relation to a complaint concerning Causeway Coast and Glens Borough Council's handling of a complaint relating to a planning application. The outcome of a NIPSO investigation report concluded that there were findings of maladministration.

Related Parties

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

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 Procurement

During the testing of our significant risk in respect of Procurement we identified the following:

A) Open procurement exercises

- 44 Open procurement exercises ran during 2022-23 - of which 22 are at "awarded" stage. The Procurement Officer confirmed the other exercises have been completed but the system has not yet been updated.
- Terminology used is inconsistent with the Procurement Policy. Council often refer to "mini-tender" as a form of tender exercise but these are not set out in the Policy.
- For one of the three contracts Procurement Officer could not provide the contract award confirmation to supplier or any back-up to show the appropriate authorisations had been gained from committee and Council level.

B) Direct Award Contracts

- A full list of Direct Award contracts issued in year was not readily available, with 3 additional DACs totalling £80k being identified through review of Council meeting agendas and minutes.
- Back-up for two of the Direct Award Contracts which had not gone through the Procurement Officer were not readily available and have not been presented to audit on request.
- A direct Award Contract was prepared retrospectively, and correspondence indicated that this should go to Council for

retrospective approval but Auditor could not identify that this had occurred, and when requested, the back-up was not provided.

C) Highest Paid Suppliers

- Procurement documentation not readily available for some suppliers. Where spend in year covered several projects, only back-up for part of the spend was sent over, notably:
 - Site works supplier - various mini-tender documents provided only covered £122k of the £313k in year spend. No further back-up provided.
 - IT supplier - use the Crown Commercial Services Framework for procurement but not provided with authorisations for spend.
-

Priority Rating

1

Recommendation

A) Open procurement exercises

- We recommend that the procurement system be updated in a timely manner to reflect the outcome of procurement exercises carried out through eSourcing.
- We recommend that the Council should put in place a system to centralise a list of all procurement exercises carried out and to open files on each which holds all back-up and authorisations for spend, overseen by the Procurement Officer.

B) Direct Award Contracts

- We recommend that the Procurement Policy is followed and that the Procurement Officer be involved in all Direct Award Contracts.
- We recommend that all Direct Award Contracts obtain the authorisations at committee and Council level.

C) Highest Paid Suppliers

- Council should ensure that tendering is undertaken, or quotations are obtained in accordance with Council's procurement policy.
 - Council should ensure that valid contracts are in place with all suppliers
-

Management Response (including target date)

1: eSourcing system has since been updated with all available information, Procurement Officer maintains central register of all contracts and documentation for those contracts that he has been made aware of. All departments are required to make procurement aware of any procurement exercises.

2: Procurement policy has been updated and training will be provided to officers on any amendments as well as reinforcing the existing requirements of the policy. All DAC's are, on the advice of the Procurement Officer sent for approval through the appropriate channels.

Procurement continues to review areas of significant spend and advises where it may be appropriate to have a tendered contract in place.

Crown Commercial Services approval to be sought retrospectively for ICT spend.

Finding 2

Management of Councils Land and Buildings

a) While we note the significant work to date on commercial leases, our review of leases as part of the 2022-23 audit identified that there were four leases marked as under review by Council. Of these:

- One expired on 1/04/2021 – this rent review has been completed and tenant is taking it to Land Tribunal. Renewal taken as far as possible until legal advice.
- One expired on 1/02/2023 - this rent review has been completed and tenant is taking it to Land Tribunal. Renewal taken as far as possible until legal advice.
- One expired 30/11/2021 – new lease being negotiated at 1 June 2023.
- One expired on 18/05/2022 – Land and Property advise that work is substantially complete on this and await signed lease.

In addition, one lease expired on 1 April 2022 but was not under review by Council at the time of the audit. Land and Property have advised that the internal CCG ownership has to be agreed and floor plans obtained before a valuer will be instructed.

It is also noted that reviews to date have only considered commercial leases and there is still work to do to collate and agree process for rent renewals of non-commercial leases.

- b) During our audit we identified that there has been no movement on the Land and Building policies, and those reviewed as part of the Extraordinary Audit Report are currently in operation within the Council.

We also identified that Council have implemented recommendation number 2 from the Extraordinary Audit Report, appointing a consultant to carry out an independent review. The independent review contains 20 recommendations which have not yet been addressed.

- c) Causeway Coast and Glens borough Council current Land and Buildings Policy does not detail out sufficiently the ownership of certain tasks i.e. who should forward completed "Disposal of Surplus Public Sector Property in NI (D1)" forms on to the Department of Finance, leading to friction between Council's internal departments.

Priority Rating

1

Recommendation

- a) Council should ensure outstanding commercial lease renewals are brought to completion.

Council should review non-commercial leases and obtain clarification and agreement from the Department on whether Council instructs a valuer to carry out rental valuations in light of value for money.

- b) Timely implementation of audit and other recommendations should be carried out.
- c) Council should ensure that Land and Building policies are updated with sufficient detail as soon as possible.

Management Response (including target date)

Agree to implement recommendations a, b and c, and progress in line with the Transformation Action Plan – Land and Property – October 2024.

- a) Of the four leases under review

- i) Agreed at L&P SC February 2024, will be ratified 12th March 2024 – complete.
- ii) Agent negotiating and referred to Lands Tribunal.
- iii) Details requested from the asset owner re the agreed area to be leased, updated maps and floor plans to instruct Councils agent.
- iv) Lease renewed for 5 years commencing on 1st June 2023, 2 previous agreements combined into one, lease renewal countersigned by Council on 3rd October 2023 - complete
- v) Internal meeting held, asset owner confirmed. Meeting held with tenant. L&P await agreed area to be leased, updated maps and floor plan and heads of terms to instruct agent to carry out valuation.

Council agreed that L&P would review the commercial leases with the highest rental income first under the 1st tranche of lease renewals. L&P have identified further leases for review under tranche 2- many of these are low rent, nominal or peppercorn rent.

- b) At the time of NIAO Audit, the process to implement the recommendations of the NIAO Extraordinary Audit (EA) was not complete. While the Council had accepted the recommendations from the Independent Report into Land and Property, on 27th March 2023, the Implementation of other Extraordinary Audit recommendations was not complete and accepted by Council until 30th October 2023.

Council has now implemented a Transformation Action Plan which includes the 20 Land and Property Recommendations contained in the Independent Report. The Land and Property Sub-Committee receive a monthly progress report and the Council is overseeing the Transformation Programme through its Implementation Oversight Panel. The Audit Committee will receive quarterly assurance reports.

The Council has agreed that it will have the recommendation for the Transformation Programme completed by October 2024

- c) Will be addressed as part of the Transformation Programme under recommendation LP12/16/17 which will include setting out roles and responsibilities.
-

Finding 3

Income controls

We reviewed income controls at a number of Council sites. We noted the following issues at specific sites:

Ballycastle Harbour and Marina

- Lodgements are made by Marina staff and not collected by courier as in other Council sites;
- Lack of review process – no review of cash totals at site and instead wait until Finance review when they receive the information; and
- Cash lodgements are not complete on a timely basis and are only completed when necessary, rather than daily or weekly.

Drumaheglis Caravan Site

- Cash received over the counter at the site office is held in a cash box located in a filing cabinet;
- Lack of review process – no review of cash totals at site and instead wait until Finance review when they receive the information; and
- Cash reconciliations are completed by a member of staff but are not signed off by someone more senior.

Priority Rating

2

Recommendation

The Council should review the income procedures at all of their locations and ensure that consistent and appropriate approach is enforced.

Management Response (including target date)

Ballycastle Harbour and Marina

- Agree to review the procedure - Cash amount is not deemed significant and doesn't require the cash collection service as per Cash Handling Procedure
- Agree to review the procedure – However, all lodgements are compiled by H&M staff onsite. Each lodgement is based on a written

record of services provided within a customer invoice book. All sales figures and payment methods are transferred to the income spreadsheet. The sheet is reviewed prior to lodgement and forwarded to Councils Finance Dept. at the time of lodgement.

- Agree - Lodgements will be made more frequently in line with the Council's Cash handling procedure. March 2024

Drumaheglis Caravan Park

- All cash income for Drumaheglis is received by the Warden and the Assistant Warden and recorded by the Warden on a payment sheet.
- The cash is kept, prior to collection, in a locked steel cabinet.
- The cash is collected by RMS and taken to the banking centre for lodgement.

Whilst both the Warden and Assistant Warden both collect cash, the Warden is the most senior staff member on site. Council manage six HALPs geographically spread across the Borough.

Finding 4

Limited Assurance Internal Audit Reports

Internal Audit provided an overall "limited" annual assurance opinion for 2022-23 in relation to the adequacy and effectiveness of the Council's framework of governance, risk management and control. We note that out of 11 audits completed for the 2022-23 year, 8 (73%) obtained a 'satisfactory' assurance rating, 3 (27%) received a 'limited' assurance rating. There are a number significant findings arising from each of these reports.

The three audits receiving 'limited' assurance rating were in relation to the following:

- Energy Management;
- Corporate and Business Planning; and
- Safeguarding.

Priority Rating

2

Recommendation

It is recommended that Internal Audit recommendations are fully considered and implemented in a timely fashion to improve the

effectiveness of internal control, risk management and governance processes.

Management Response (including target date)

Agreed

Quarterly Progress Report presented to Audit committee detailing progress of Prior Year Recommendations

There is some overlap between the Extraordinary Audit and the Prior Year Recommendations (PYR), in such cases the PYR will be dealt with as part of the Transformation Programme implementation.

October 2024

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

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. We are satisfied that the Council has in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. Some areas for improvement have been identified – see below.

Finding 5 Proper arrangements

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

- Medium Term Financial Strategy - a draft update exists, requires finalisation.
 - Finance Business Continuity Plan - due to the implementation of a new finance system this plan is now outdated as it is based on a locally hosted system whereas the new system is cloud based.
 - Asset management strategy - draft policy which does not appear to have been approved by the Council.
-

Priority Rating

2

Recommendation

Council should ensure that policies drafted are approved on a timely basis.

Where changes to business operations and systems occur timely updating of Council corporate documents i.e., plans, strategies and policies should be carried out.

Management Response (including target date)

Council's medium term financial plan was presented to and adopted by the Finance Committee on 12 October 2023 receiving Full Council adoption on 7 November 2023.

The Finance Business Continuity Plan was updated in May 2023 following the implementation of the new Finance System on 1 April 2023. At the time of the Proper Arrangements audit Council was still operating the old finance system therefore at that point in time the Business Continuity Plan was still valid and correct.

The Draft Asset Management Strategy will be reviewed in accordance with the recommendations from the EA.

October 2024

5. Misstatements

Adjusted misstatements

During the audit process we identified the following misstatements above our clearly trivial threshold of £12,000. These misstatements have been adjusted and the net effect on the Comprehensive Income and Expenditure Statement and Balance Sheet was £32,000.

ISSUE	AREA	CIES DEBIT / (CREDIT) £'000	Balance Sheet DEBIT / (CREDIT) £'000
Duplicate invoice included within receivables	Public sector receivables		(30)
	Property Certificate Income	30	
Capital grant released incorrectly in year	Payables		(13)
	Taxation & Non specific grant income	13	
	General Fund		(13)
	Capital adjustment account		13
Overstatement of trade creditors	Electricity expense	(75)	
	Trade creditors		75
Overstatement of debtors and Receipts in advance	Debtors control		(631)
	Receipts in advance		631
TOTAL		(32)	32

Uncorrected misstatements

There were no uncorrected misstatements in the financial statements above the clearly trivial threshold.

Appendix One – Letter of Representation

[Client Letterhead]

The Local Government Auditor
Northern Ireland Audit Office
1 Bradford Court
Galwally
BELFAST
BT 8 6RB

LETTER OF REPRESENTATION: CAUSEWAY COAST AND GLENS BOROUGH COUNCIL 31 MARCH 2023

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, income and expenditure and cash flows of Causeway Coast and Glens Borough Council for the year ended 31 March 2023.

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;
- 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.

I confirm that for the financial year ended 31 March 2023:

- 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 Causeway Coast and Glens Borough Council's ability 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 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 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 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 DfC 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 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 the 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 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.

Other Assets

The net pension asset at the year-end was £2.8 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.

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 £10.4 million

I am content that the landfill provision of £10.4 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 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.

Unadjusted misstatements

There were no uncorrected misstatements in the financial statements above the clearly trivial threshold.

Events after the Balance Sheet date

Except as disclosed in the accounts, there have been no material changes since the Balance Sheet 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 2022-23 which are required to be reported.

David Jackson**Chief Executive****Causeway Coast and Glens Borough Council****25 September 2023**

Appendix Two – Audit Certificate

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 2023 under the Local Government (Northern Ireland) Order 2005. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet, Cash Flow Statement and the related notes including significant accounting policies. 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 UK adopted international accounting standards.

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 2022-23, of the financial position of Causeway Coast and Glens Borough Council as at 31 March 2023 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 Ethical Standard, 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 Council's 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 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 2023 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 2022-23;
 - 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 Council's and Chief Financial Officer's Responsibilities, 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 Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- assessing Causeways 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 Chief Financial 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 posting of 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 board and committee minutes, and agreeing financial statement disclosures to underlying supporting documentation and approvals as appropriate;
- 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; and
- applying tailored risk factors to datasets of financial transactions and related records to identify potential anomalies and irregularities for detailed audit testing.

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.

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.



Colette Kane
Local Government Auditor
Northern Ireland Audit Office
106 University Street
BELFAST
BT7 1EU

27 September 2023

Appendix Three – Implementation of Prior Year Priority One Recommendations

Recommendation 1

Procurement

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 the required number of quotations obtained, a Direct Award Contract is prepared, appropriately authorised and retained.

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

Status

Not cleared

Our 2022-23 audit identified some issues in relation to Council's procurement – see Finding 1 in Section 4.

Recommendation 2

Leases

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

Status

Not cleared

Council carried out significant work to address commercial lease renewals which were outstanding, leaving only one lease renewal not yet started due to internal Council departments not agreeing which department had ownership of the asset.

From review of the rental schedule held by finance and compared against Land and Property lease renewal listings, there are three leases which are coming due for renewal in the next financial period. Of these three, two of the properties have been vacated and leases terminated in advance of lease end date, therefore no lease renewal will be due. The other tenant has been contacted in August 2023 with view to negotiate and perform the lease renewal in advance of the lease coming to an end on 31 March 2024.
