

**AUDIT COMMITTEE MEETING WEDNESDAY 8 JUNE 2016**

**Key Recommendations**

<b>No</b>	<b>Item</b>	<b>Recommendation</b>
<b>2</b>	Declaration of Interest	<i>Councillor McShane Agenda item 11 – Legal Cases</i>
<b>11</b>	Legal Cases Activity	<i>Agreed that the report layout would be reviewed</i>

**MINUTES OF THE PROCEEDINGS OF THE MEETING OF THE AUDIT COMMITTEE  
HELD IN COUNCIL CHAMBER, CIVIC HEADQUARTERS  
WEDNESDAY 8 JUNE 2016 AT 7 PM**

**In the Chair:** Councillor C McShane

**Members Present:** Alderman Robinson  
Councillors Baird, Beattie, Blair, Deighan, Clarke, Holmes,  
Hunter, McShane P, Stevenson and Watton

**Officers Present:** M Quinn, Director of Performance  
D Wright, Head of Finance  
D Hunter, Council Solicitor  
E McCaul, Committee and Member Services Officer

**In Attendance:** C Kane, Director of Northern Ireland Audit Office  
S Lindsay, Audit Partner Moore Stephens

Press Nil

**CHAIRPERSON'S REMARKS**

The Chair welcomed the representatives from Moore Stephens and Northern Ireland Audit Office to the quarterly Audit Committee meeting.

**1 APOLOGIES**

Apologies were recorded from Aldermen Finlay and McKeown, Councillors Fitzpatrick and McGlinchey.

**2 DECLARATIONS OF INTEREST**

Councillor P McShane declared an interest in Agenda Item 11 – Legal Cases.

**3 MINUTES OF AUDIT COMMITTEE MEETING 9 MARCH 2016**

The Chair advised the Minutes of the above meeting had been ratified. Noted.

## **4 EXTERNAL AUDIT – NIAO YEAR END ACCOUNTS 2015/2016**

### **4.1 NIAO Audit Strategy – Causeway Coast and Glens Borough Council**

The Director of the Northern Ireland Audit Office presented to the Committee a covering letter and report on Causeway Coast and Glens Borough Council 2015/16 Audit Strategy. The Committee received a draft of the report at the previous Audit Committee meeting held on 9 March. The covering letter specified the functions of the Audit Strategy and clarified that the word ‘trivial’ as set out in paragraph 2.14 of the strategy was a specific term used in the International Standard of Auditing (UK & Ireland).

A report was circulated to the Committee on the Accounting Position as at 31 March 2015 on landfill closures.

**Noted.**

### **4.2 NIAO Code of Audit Practice 2016**

The Audit Committee was advised of details of the Local Government Auditor’s new Code of Audit Practice which had been laid before the Assembly under Article 5(7) of the Local Government (Northern Ireland) Order 2005 by the Department of the Environment. The Director of the Northern Ireland Audit Office outlined that the new Code of Audit Practice was based on principles and an additional chapter had been added on performance.

**Noted.**

### **4.3 Verbal Update Re Causeway Coast and Glens Borough Council Year End accounts**

The Head of Finance updated the committee on the end of year accounts, which were the first set of accounts for the new Council. He indicated that the accounts would be finalised by 30 June 2016 and that in all likelihood Council was going to achieve a healthy surplus. He stated that priorities to date included review of spend on repairs and renewals, estate strategy costs and staffing issues.

The Director of Performance and Head of Finance responded to queries on reserves, progress to date on achieving single status and highlighted the problems associated with getting policies, contracts, terms and conditions all aligned.

Comments **Noted.**

### **4.4 Annual Governance Statement**

It was **AGREED** that the Annual Governance Statement would be discussed IN COMMITTEE at the end of the meeting.

## 5 INTERNAL AUDIT

The Committee received a report to advise that following the appointment of Moore Stephens an Internal Audit Strategy for 2016/19 and Internal Audit Plan for 2016/17 had been developed.

Steven Lindsay, Internal Audit Partner Moore Stephens introduced himself to the Committee. He explained that he had worked with Limavady and Moyle Councils in the past and that as Internal Auditor, he would give objective assurance and would be helpful but honest in his reporting to the Committee.

### 5.1 Internal Audit Strategy

The Committee considered a report from Moore Stephens on the Internal Audit Strategy for 2016/19. The report set out the internal audit strategic objectives, the scope of Internal Audit's work, the resources available and the approach to delivering the Internal Audit service. The Internal Audit Strategy would be used to inform the development of an annual Internal Audit Plan detailing work to be completed each year covered by the strategy.

The Audit Committee **APPROVED** the Internal Audit Strategy for 2016/19.

### 5.2 Internal Audit Plan

The Committee received a report on the provision of Internal Audit services to Causeway Coast and Glens Borough Council for 2016/17 based on an audit needs assessment. The Internal Audit service comprising an in house Head of Internal Audit and Moore Stephens would carry out 148 days detailed assurance work to cover an adequate range of risks and systems to provide an overall assurance statement on Council's system of risk management and internal control.

The Internal Audit Plan detailed audit areas to be covered over the 148 days.

The Audit Committee **APPROVED** the Internal Audit Plan for 2016/17.

Proposed by Councillor Baird  
Seconded by Councillor Hunter

**RESOLVED** that the Committee proceeds to conduct the following business 'in committee'.

### 5.3 Internal Audit Report – Cash Handling

Mr Lindsay presented the Internal Audit Report on Cash Handling. He said that based on the audit testing carried out at Coleraine Leisure Centre, Moore Stephens were able to provide a satisfactory level of assurance as overall there was an adequate and effective system of governance, risk management

and control. While there were some residual risk identified this would not impact on the achievement of objectives. Evidence of good practice was found, although some improvements were required to enhance the adequacy and/or effectiveness of governance, risk management and control.

The findings, recommendations and management response within the report were **NOTED**.

#### **5.4 Internal Audit Report – Invoicing and Debtor Management**

Mr Lindsay presented the Internal Audit Report on Invoicing and Debtor Management. Based on the audit testing, Moore Stephens were able to provide a limited level of assurance. There were inadequate and/or ineffective system of governance, risk management and controls in place. Therefore a significant risk that the system would fail to meet its objectives. Prompt action is required to improve the adequacy and/or effectiveness of governance, risk management and control.

The findings, recommendations and management response within the report were **NOTED**.

Proposed by Councillor Clarke  
Seconded by Councillor Hunter

**RESOLVED** that the Committee proceeds to conduct the following business 'In Public'.

### **6 APPOINTMENT OF INDEPENDENT MEMBER**

The Audit Committee received a report to advise of the appointment of an Independent Member previously agreed at the December 2015 Audit Committee meeting. Following advertisement for the position, ten applications had been returned, six applicants were shortlisted and interviewed. The successful applicant has been informed and will attend the September 2016 Audit meeting.

### **7 MATTERS FOR REPORTING TO PARTNERSHIP PANEL**

None.

### **8 PERFORMANCE IMPROVEMENT PLAN**

The Committee received draft guidance from the DoE Local Government Performance Improvement to assist on the practical operation arrangements for performance improvement applicable from April 2016 onwards.

**NOTED.**

## 9 RISK MANAGEMENT

The Committee were advised of main risks for Council via the presentation of a risk matrix. It was pointed out the legal issues around land and property had been revised as a slightly higher risk from previous risk assessment.

Proposed by Alderman Robinson  
Seconded by Councillor Clarke

**RESOLVED** that the Committee proceeds to conduct the following business 'in committee'.

## 10 ANNUAL GOVERNANCE STATEMENT (refer 4d)

The Director of Performance tabled to members a draft confidential copy of the Annual Governance Statement. She advised that the Committee would be kept updated and receive a copy of the final document at the next Audit meeting.

## 11 LEGAL CASES ACTIVITY

Members received a report to update the Audit Committee with regard to Causeway Coast and Glens legal cases. The report set out the subject matter and outcome status.

The Committee requested that the report on legal cases contain additional information, such as dates in which cases commenced, which legacy Council the cases related to, topic matter and how the cases had been resolved.

It was **AGREED** that the report layout would be reviewed and a recommendation would be brought back on the points made.

## 12 WHISTLEBLOWING INCIDENTS

The Director of Performance advised that 3 whistleblowing incidents were being investigated and that the Committee would be kept updated with regard to these. It was suggested that it was important that whistleblowing incidents be investigated quickly and brought to conclusion.

Proposed by Councillor Holmes  
Seconded by Councillor Hunter

**RESOLVED** that the Committee conduct the remainder of the business 'In Public'.

The business concluded at 8.12 pm

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Chairperson