



Northern Ireland Audit Office

Our purpose ...

Promoting better use of public money, through independent professional scrutiny, underpinned by our commitment to:

- Integrity
- Equality
- Openness
- Innovation

To make a difference for the people of Northern Ireland.

The Local Government (Northern Ireland) Order 2005 provides that the Department of the Environment may, with the consent of the Comptroller and Auditor General, designate persons who are members of the Northern Ireland Audit Office as Local Government Auditors. Louise Mason, Assistant Auditor General, is the designated Local Government Auditor for all local government bodies in Northern Ireland.

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CAUSEWAY COAST AND GLENS DISTRICT COUNCIL

AUDIT OF 2014-15 STATEMENT OF ACCOUNTS

REPORT TO THOSE CHARGED WITH GOVERNANCE

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Executive Summary

Introduction

1. This report summarises the key matters arising from our audit of the financial statements of Causeway Coast and Glens District Council for the period ending 31 March 2015 for the benefit of those charged with governance¹.
2. The examination of the 2014-15 financial statements was undertaken in accordance with auditing standards issued by the Auditing Practices Board (APB), taking into account Practice Note 10 (Revised); Audit of Financial Statements in Public Sector Bodies in the United Kingdom and the Code of Audit Practice. Our approach to the audit was planned and executed in accordance with the Audit Strategy issued on 27th February 2015.
3. In accordance with regulation 6 of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006, the audited body shall as soon as reasonably possible after the conclusion of an audit, and in any event before 31 October immediately following the end of the financial year, publish its financial statements including the audit report. If the audit has not been completed by 31 October the unaudited financial statements should be published together with an explanation as to why the local government auditor has not given an audit opinion. When publication of the accounts is made via the website the published accounts should be in pdf format and be an exact copy of the audited accounts or in the event of the audit not being finalised by 31 October, the unaudited accounts presented to audit. Responsibility for thoroughly proofing these documents rests with Causeway Coast and Glens District Council. Our approval is required prior to publication and a copy of the document to be published should therefore be sent to us in advance for our consideration.
4. In addition, after the conclusion of the audit the Council shall then place an advertisement stating, in line with regulation 12 Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006, that the audit has been concluded and that the financial statements are publicly available. A copy of the paper(s) incorporating this advertisement should be sent to our office within a week of the advertisement being made.

Actions for those charged with governance

5. Those charged with governance are invited to review the findings set out in this report, including the letter of representation and audit report included in Annex A and Annex B respectively.

Status of audit

6. The audit is now complete.

Overall conclusion and opinion

7. The Local Government Auditor provided her audit opinion in the format set out in Annex B –Audit Report. The audit report includes an opinion as to the truth and fairness of the financial statements and that certain information given in the Explanatory Foreword is consistent with the financial statements.
8. The Local Government Auditor certified the 2014-15 financial statements with an unqualified audit opinion, without modification.

Audit judgements

9. No significant audit judgements were made in reaching our audit opinion.

¹ In accordance with ISA 260, those charged with governance are those individuals accountable for ensuring that the entity achieves its objectives, with regard to reliability of financial reporting, effectiveness and efficiency of operations, compliance with applicable laws, and reporting to interested parties.

Executive Summary

Audit findings

10. In Section 2 we outline the quality, effectiveness and transparency of Causeway Coast and Glens District Council's financial reporting and its accounting policy selection, and our audit findings including any issues identified relating to regularity and the internal control environment.
11. The quality, effectiveness and transparency of financial reporting and accounting were considered satisfactory.
12. The accounting policies were considered appropriate.
13. There were no significant issues identified regarding regularity.
14. We identified no significant internal control weaknesses.
15. Further issues of interest are set out in the Other Matters of Governance Interest section.

Identified misstatements

16. In the course of the audit misstatements were identified which have been adjusted in the financial statements, as detailed in Identified Misstatements in Section 3. Due to funding arrangements the net effect of the adjustments on the Comprehensive Income and Expenditure Statement (CIES) and Balance Sheet (BS) was £nil.
17. Section 3 also details uncorrected misstatements which would increase expenditure and decrease net assets by an estimated further £12,295. Management have not corrected these misstatements as they do not consider them material in the context of the financial misstatements as a whole.

Section 1

Audit Risks

- 1.1. In our Audit Strategy issued in February 2015 our assessment of Causeway Coast and Glens District Council's financial operations and control environment we did not identify any significant risks. A significant risk is an identified and assessed risk of material misstatement that, in the auditor's judgement, requires special audit consideration.
- 1.2 No new risks were identified during the course of the audit.

Section 2

Audit Findings

Financial Reporting and Accounting Policies

- 2.1 The Financial Statements are required to comply with the Accounts Direction issued by the Department of the Environment.
- 2.2 In this section we draw to your attention our review of qualitative aspects of the accounting practices and financial reporting. This includes any significant changes or issues in respect of the accounting policies; estimates; judgements and the adequacy of disclosures affected by unusual or non-recurring transactions recognised during the period. We also review the overall balance and clarity of information contained in the Explanatory Foreword.
- 2.3 The initial accounts presented to us were compliant with the Accounts Direction and to a good standard. Working papers were provided promptly which allowed the audit field work to proceed efficiently. We are content with the appropriateness of the accounting policies judged against the objectives of relevance, reliability, comparability and understandability.

Review of information in the Explanatory Foreword

- 2.4 We review information in the Explanatory Foreword only to the extent that we confirm it is consistent with the financial statements and our understanding of the business. Except as noted in the audit opinion, the Explanatory Foreword is not subject to our audit opinion.
- 2.5 The Explanatory Foreword was considered to be consistent with our understanding of the business, and was in line with the other information provided in the financial statements.

Internal Control

- 2.6 We have reviewed the Governance Statement and in our opinion, it fairly reflects our understanding of the state of internal control systems within Causeway Coast and Glens District Council during the year and the changes made to the Governance Statement during the course of the audit.

Observations & Recommendations

- 2.7 This section outlines the findings arising from our audit, as well as management's response and target date for implementation to these recommendations.
- 2.8 We have included the significant, important and best practice findings arising from our audit which 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.
- 2.8 As outlined in our Audit Strategy our procedures included a review of the internal controls and accounting systems and procedures only to the extent considered necessary for the effective performance of the audit. Audit findings and observations therefore should not be regarded as representing a comprehensive statement of all the weaknesses which exist, or all improvements which could be made to the systems and procedures operated.

Section 2 Audit Findings

1. Proper Arrangements

Observation
<p>Article 6 (1) (d) of the Local Government (Northern Ireland) Order 2005 requires the auditor of a local government body to be satisfied that proper arrangements have been made for securing economy, efficiency and effectiveness in the use of resources. This requirement is taken account of within the Local Government Auditor's Code of Audit Practice (updated in June 2011).</p> <p>My review of Causeway Coast and Glens District Council's arrangements for securing value for money was necessarily limited in scope due to the fact that the Council was operating in shadow form during 2014-15. Rather than covering all the areas referred to in my Code of Audit Practice I focused on specific aspects of finance and governance which the Council was responsible for during that period.</p> <p>I am satisfied that the Council has been able to demonstrate that it has adequate arrangements in place except in the following areas where the necessary information has not been prepared or approved:</p> <ul style="list-style-type: none"> • the 12 prudential indicators prior to 1 April 2015 and estimates of the forward-looking indicators for at least a three-year period in line with Section 7 of the Local Government (Capital Finance and Accounting) Regulations (Northern Ireland) 2011; • an affordable borrowing limit prior to 1 April 2015 in respect of the 2015-16 year in line with Section 13 of the Local Government Finance Act (Northern Ireland) 2011.
Implication
The Council was unable to demonstrate that it has adequate arrangements in place to secure economy, efficiency and effectiveness in its use of resources.
Priority Rating
1
Recommendation
The Council should ensure that these matters are addressed as a matter of urgency.
Management Response
Council inherited 4 separate capital programmes with differing priorities, including a significant number of under £250,000 spend projects approved by legacy councils in the latter stages of their existence making it difficult for Causeway Coast and Glens to accurately collate and project a programme of capital works. This process has now neared conclusion and the prudential indicators are being prepared and will be tabled at Committee in the near future.
Target for Implementation
January 2016

Section 3 Identified Misstatements

- 3.1 This section contains details of adjustments made to the financial statements during the course of the audit, as well as unadjusted misstatements which are not considered material in the context of the financial statements as a whole.
- 3.2 We do not consider that the adjusted or unadjusted misstatements indicate a significant weakness in accounting or control which needs to be reflected in the Governance Statement.

Significant adjustments made to the financial statements

- 3.3 As a result of our audit, adjustments were made to the financial statements presented for audit. The adjustments are shown below. The presentation of this information enables those charged with governance to assess the extent to which the financial statements presented for audit have been subject to change as a result of the audit process.
- 3.4 The audit adjustments made to the initial financial statements presented for audit are noted in the table below. Due to funding arrangements the net effect of the adjustments on the Comprehensive Income and Expenditure Statement (CIES) and Balance Sheet (BS) was £nil.

Audit adjustments²

Reason adjustment is required	Proposed by	Account area	CIES		BS	
			Debit	Credit	Debit	Credit
			£'000	£'000	£'000	£'000
Audit fee not included	NIAO	Expenditure	6			
		Accruals				6
		Income		6		
		Short term debtors			6	
Overall Total			6	6	6	6
Net Effect			£nil			

- 3.5 We have also made a number of other suggestions to improve narrative disclosures and to ensure completeness of the disclosures required under the Code of Practice on Local Authority Accounting.

Unadjusted misstatements or uncertainties arising from the audit

- 3.6 We are obliged to bring to your attention the misstatements found during the course of the audit that have not been corrected, unless they are 'clearly trivial', which we have identified as below £1,000.

Description of adjustments	Account area	CIES		BS	
		Debit	Credit	Debit	Credit
		£'000	£'000	£'000	£'000
Omission of accumulated absences accrual.	Staff costs	12			
	Short term creditors				12
		12			12
Net effect		12			12

² Above the clearly trivial threshold of £1000 defined in the Audit Strategy.

Section 4

Other Matters of Governance Interest

- 4.1 International Standard on Auditing 260 requires us to communicate with those charged with governance any other audit matters of governance interest. These include matters which have come to our attention which may present future risks, enhance overall governance or where those charged with governance might wish to seek assurance on controls and processes.

Fraud

- 4.2 We are required by Auditing Standards to report to you if we identify a fraud or obtain information that indicates that a fraud may exist.
- 4.3 In addition, we are not aware of material weaknesses in the design or implementation of internal controls to prevent and detect fraud.
- 4.4 In the course of our audit we have not identified any suspected or non-compliance with the laws and regulations.

Going concern

- 4.5 In the course of our audit, we have not identified any material uncertainties relating to events and conditions that may cast doubt on the entity's ability to continue as a going concern. On 1 April 2015 all functions and balances transferred to the Causeway Coast and Glens District Council.

Management of personal data

- 4.6 Causeway Coast and Glens District Council is required to comply with the Data Protection Act 1998 in the handling and storage of personal data and those charged with governance should ensure they have made sufficient enquiries of management to form a view on whether there were any significant specific data incidents which should be disclosed in the Governance Statement. We are unaware of any data handling incidents during the year. Confirmation of this is sought within the letter of representation (Annex A).

Statement on personal data

- 4.7 During the course of our audit we have access to personal data to support our audit testing. We have established processes to hold this data securely within encrypted files and to destroy it where relevant at the conclusion of our audit. We can confirm that we have discharged those responsibilities communicated to you in accordance with the requirements of the Data Protection Act 1998.

Disagreements with management

- 4.8 There are no audit disagreements with management, about matters that individually or in aggregate could be significant to the financial statements to report.

Co-operation with other auditors

Internal Audit

- 4.9 We have not placed reliance on Internal Auditors.

Deficiencies in internal control

- 4.10 We have not identified deficiencies in internal control.

Section 4

Other Matters of Governance Interest

Independence, integrity & objectivity of auditors

- 4.11 The NIAO's policy to ensure independence, integrity and objectivity of our auditors was set out in our Audit Strategy. Overall, the threat to the audit arising from issues affecting our independence, integrity and objectivity is low, and the safeguards in place ensure that the likelihood of any impact is low.
- 4.12 We have complied with APB Ethical Standards and, in our professional judgement, we are independent and our objectivity is not compromised. There are no relationships between NIAO and Causeway Coast and Glens District Council that we consider to bear on our objectivity and independence.

Other matters of interest

- 4.13 We are not aware of other issues to be raised.

Complaints procedure

- 4.14 NIAO seeks to ensure that, when carrying out its audit work, it complies with the principles developed by the Public Audit Forum in its paper "What Public Sector Bodies can expect from their Auditors".

NIAO also wishes to gauge public sector bodies' perceptions of its audit processes in order to promote continuous improvement. In particular, it undertakes to act quickly on any complaint and ensure that the underlying causes of problems are addressed to prevent them recurring. In the first instance, complaints can be addressed to the member of the Directorate responsible for the audit within which the concern has been raised.

Failing resolution of the problem to the satisfaction of the complainant, the Chief Executive of Causeway Coast and Glens District Council can then write directly to the Comptroller and Auditor General. He will ensure that a further review of the case will be undertaken.

[Client Letterhead]

The Local Government Auditor
Northern Ireland Audit Office
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CAUSEWAY COAST AND GLENS DISTRICT COUNCIL FOR THE PERIOD ENDED 31 MARCH 2015

LETTER OF REPRESENTATION

I acknowledge as Chief Financial Officer of Causeway Coast and Glens District Council 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 District Council for the period ended 31 March 2015.

In preparing the accounts, I was required to:

- observe the accounts direction issued by the Department of the Environment (DOE), 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.

I confirm that for the financial period ended 31 March 2015:

- having considered and enquired as to the Causeway Coast and Glens District 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 District Council to conduct its business or on the results and financial position disclosed in the accounts;
- all accounting records have been provided to you for the purpose of your audit and all transactions undertaken by the Causeway Coast and Glens District Council have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all management meetings which you have requested have been supplied to you; and
- all Related Parties and Related Party Transactions involving Councillors and senior staff of the Causeway Coast and Glens District Council have been properly disclosed.

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

INTERNAL CONTROL

I acknowledge as Chief Financial Officer my responsibility for the design and implementation of internal controls to prevent and detect error and I have disclosed to you the results of my assessment of the risk that the financial statements could be materially misstated.

Annex A – Letter of Representation

I confirm that there were no data related incidents during the year which would have been required to be reported to the Information Commissioner's Office.

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 DOE guidance on the Governance Statement.

FRAUD

I acknowledge as Chief Financial Officer my responsibility for the design and implementation of internal controls to prevent and detect fraud and I have disclosed to you the results of my assessment of the risk that the financial statements could be materially misstated as a result of fraud.

I am not aware of any fraud or suspected fraud affecting the Causeway Coast and Glens District 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 District Council and free from any lien, encumbrance or charge, except as disclosed in the accounts.

Current Assets

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

Contingent Liabilities

Other than the above I am not aware of any pending litigation which may result in significant loss to the Causeway Coast and Glens District Council, and I am not aware of any action which is or may be brought against the Causeway Coast and Glens District 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 period were not materially affected by transactions of a sort not usually undertaken by the Causeway Coast and Glens District Council, or circumstances of an exceptional or non-recurring nature.

Unadjusted errors

The following unadjusted error has been brought to my attention:

Annex A – Letter of Representation

- Omission of accrual for accumulated absences with a value of £12,295. This accrual is included in the legacy council accounts and is not considered material to the financial statements.

I consider the effect of these unadjusted errors to be immaterial, both individually and in aggregate, to the financial statements taken as a whole.

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.

David Jackson
Chief Financial Officer

26 October 2015

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF CAUSEWAY COAST AND GLENS DISTRICT COUNCIL

I have audited the statement of accounts of Causeway Coast and Glens District Council for the period ended 31 March 2015 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. The statements of account have been prepared under the accounting policies set out within them.

This report is made solely to the Members of Causeway Coast and Glens District Council in accordance with the Local Government (Northern Ireland) Order 2005 and for no other purpose, as specified in the Statement of Responsibilities issued by the Chief Local Government Auditor.

Respective responsibilities of the Chief Financial Officer and the independent auditor

As explained more fully in the Statement of Causeway Coast and Glens District Council’s and Chief Financial Officer’s Responsibilities, the Chief Financial Officer is responsible for the preparation of the statement of accounts and for being satisfied that they give a true and fair view of the income and expenditure and cash flows for the financial period and the financial position as at the end of the financial period. My responsibility is to audit the statement of accounts in accordance with the Local Government (Northern Ireland) Order 2005 and the Local Government Code of Audit Practice. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board’s Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to Causeway Coast and Glens District Council’s circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by Causeway Coast and Glens District Council; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Statement of Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view, in accordance with relevant legal and statutory requirements, of the financial position of Causeway Coast and Glens District Council as at 31 March 2015 and its income and expenditure for the period then ended; and
- the financial statements have been properly prepared in accordance with the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006 and the Department of the Environment directions issued there under.

Opinion on other matters

In my opinion the information given in the Explanatory Foreword for the financial period ended 31 March 2015 is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- The Governance Statement:
 - does not comply with proper practices specified by the Department of the Environment; or
 - 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 is not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit.

Certificate

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

Louise Mason

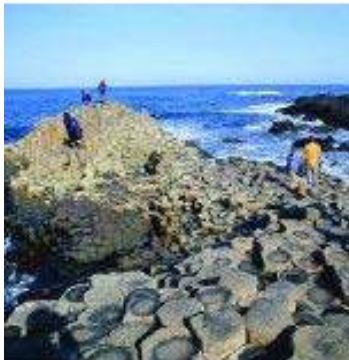
Local Government Auditor
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28 October 2015



Annual Audit Letter

Issued by the Local Government Auditor



Causeway Coast and Glens District Council

2014-15

To the Members of
Causeway Coast and Glens
District Council

Louise Mason
Local Government Auditor
Northern Ireland Audit Office
106 University Street
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1. Introduction

I have been designated the Local Government Auditor for Causeway Coast and Glens District Council by the Department of the Environment (the Department) with the consent of the Comptroller and Auditor General for Northern Ireland.

As an auditor independent of the audited body, I seek to examine that the body has proper arrangements in place to secure economy, efficiency and effectiveness in the use of resources and that public money is properly accounted for.

This report provides a summary of the findings from my 2014-15 audit. Causeway Coast and Glens District Council was created as a result of legislation as part of the implementation of Local Government Reform and this report is issued to the Members of Causeway Coast and Glens District Council.

Local Government Reform

Under the Local Government Act (Northern Ireland) 2014 (The Act) the number of local councils in Northern Ireland reduced from twenty six to eleven on 1 April 2015. Coleraine Borough Council was amalgamated with Limavady Borough Council, Ballymoney Borough Council and Moyle District Council to form Causeway Coast and Glens District Council.

The Act now forms the legislative framework for Northern Ireland's eleven councils. This includes how decisions are made, how positions of responsibility are shared across political parties, how improvements in the delivery of council functions can be achieved to reflect the needs of local communities, and how effectively and efficiently council services are delivered to people. It provides for statutory governance in councils and introduces a new ethical standards framework which includes a mandatory code of conduct for councillors.

Every aspect of the governance, management and provision of local government services has been impacted. The new councils have now taken the lead in community planning and are expected to deliver high quality services in an effective and efficient manner under a new performance improvement framework. Powers such as planning and community development have transferred from central government to the new councils. The Act also sets out arrangements for the transfer of staff, assets and liabilities to the new councils.

The Local Government (Transitional, Supplementary, Incidental Provisions and Modifications) Regulations (Northern Ireland) 2014 made transitional provision with respect to local government reorganisation including positions of responsibility within the new council for the winding up and final accounts of existing councils.

Causeway Coast and Glens District Council struck the 2015-16 rates and approved business and financial plans in advance of 1 April 2015. As Causeway Coast and Glens District Council was operational to a limited extent during the 'shadow' period, I am required to audit the accounts of this body for the 2014-15 period.

As well as additional financial audit work required in relation to the new councils operating in shadow form and the financial audit of statutory transition committees in the transitional year of 2014-15, Part 12 of the Act provides that I will undertake performance improvement audits and assessments each year for each of the new councils. Once Part 12 of the Act has commenced in full, this programme of work will specifically entail:

- undertaking improvement audits, to review whether councils have discharged their duties for publishing improvement planning and performance information;
- carrying out improvement assessments, to determine whether councils are likely to comply with legal requirements to make arrangements to secure continuous improvement in the exercise of their functions; and
- reporting on improvement audit and assessment work.

In advance of full commencement of Part 12 of the Act, the Department issued statutory guidance for the 2015-16 financial year setting out both the council's and my responsibilities in this introductory year. I was responsible for reporting to the Causeway Coast and Glens District Council and the Department whether, in my opinion, it had made arrangements to secure continuous improvement in the exercise of its functions. This work has been completed and my opinion has been reported to you and the Department separately. In future years the programme of work will be amended to reflect changes in the guidance as it becomes aligned to the full statutory requirements of Part 12 of the Act.

In preparation for full commencement, I continue to engage with relevant external stakeholders and have established a team to manage and develop a best practice audit approach and methodology. This enables my staff to carry out their work with independence, integrity and objectivity, in accordance with the key principles set out in my new draft 'Code of Audit Practice' which is currently being consulted upon and which will be published by 1st April 2016.

2. Financial Statements

Summary of Audit Findings

Causeway Coast and Glens District Council

The accounts of Causeway Coast and Glens District Council must be prepared in accordance with International Financial Accounting Standards as interpreted for Local Government in the 'The Code of Practice on Local Authority Accounting in the United Kingdom'. This code sets out the accounting treatment and disclosures for all normal transactions of local authorities. As they had limited activity DOE has directed that new councils will not be required to observe all relevant accounting and disclosure requirements detailed in the code between 26 May 2014 and 31 March 2015 (the shadow period).

The financial statements were signed by the Chief Financial Officer of Causeway Coast and Glens District Council on 26th June 2015. This is within the statutory timeframe of 30th June. Following the audit, the accounts were re-signed on 26th October and published on the website of Causeway Coast and Glens District Council on 31st October 2015 in accordance with the regulations.

For the year ended 31 March 2015 I gave the following unqualified opinion on the financial statements.

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 2014-15 as required, of the financial position of Causeway Coast and Glens District Council as at 31 March 2015 and its income and expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006 and the Department of the Environment directions issued thereunder.

At the end of the audit I issued a Report to those charged with Governance, addressed to the Chief Executive of Causeway Coast and Glens District Council, on the results of the audit, noting the most significant issues, making recommendations and seeking comments. That report is presented separately to your Audit Committee.

The Causeway Coast and Glens Statutory Transition Committee

The Causeway Coast and Glens Statutory Transition Committee (STC), consisting of 5 members from each of Coleraine, Ballymoney, Limavady and Moyle Councils, was formed through regulation¹ to ensure that the Causeway Coast and Glens District Council was able to adopt its full range of powers and functions from 1 April 2015. The STC was set up to gather information, consider and advise on matters relevant to moving to the new Council, to prepare a draft budget and to prepare a draft corporate and business plan. The other regulatory role of the STC was to appoint a clerk of the new Council, as well as any other staff it deemed appropriate. Under regulation the STC ceased to exist

¹ The Local Government (Statutory Transition Committees) Regulations (Northern Ireland) 2013

on 19 June 2014, following the election held in May 2014 to determine the Members of the new Council.

The STC was a statutory local government body and I therefore had responsibility to audit its financial statements, in accordance with the Local Government (Northern Ireland) Order 2005 and the Local Government Code of Audit Practice. I gave an unqualified opinion on the 2014-15 financial statements of the Causeway Coast and Glens STC.

Financial Performance

The Statement of Comprehensive Income and Expenditure of Causeway Coast and Glens District Council shows that during the year ended 31 March 2015 the Council spent £1.2m. It also received income of £1.2m.

The major items of expenditure were

- Members Costs of £441,641;
- Staff Costs of £399,544; and
- ICT Convergence of £130,919.

The major areas of income were

- Government Grants of £591,794 and
- Income from Predecessor Councils of £563,502.

At 31 March 2015 Causeway Coast and Glens District Council had net non-current assets of £97,000. The majority of these non-current assets are in the Property, Plant and Equipment category.

At 31 March 2015 Causeway Coast and Glens District Council had no usable reserves.

3. Governance

The Good Governance Standard for Public Services² sets out the following key principles of good governance. Good governance means

- focusing on the organisation's purpose and on outcomes for citizens and service users;
- performing effectively in clearly defined functions and roles;
- promoting values for the whole organisation and demonstrating the values of good governance through behaviour;
- taking informed, transparent decisions and managing risk;
- developing the capacity and capability of the governing body to be effective; and
- engaging stakeholders and making accountability real.

Annual Governance Statement

The Causeway Coast and Glens District Council is required to conduct a review at least once in a financial year of the effectiveness of its governance framework (including its system of internal control) and to then approve an Annual Governance Statement³.

I am required to report if the Annual Governance Statement

- does not reflect compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2014-15;
- does not comply with proper practices specified by the Department of the Environment; or
- is misleading or inconsistent with other information I am aware of from my audit.

I have no inconsistencies to report as a result of my review.

Internal Audit

The Local Government (Accounts and Audit) (Amendment) Regulations (NI) 2006 requires councils to maintain an adequate and effective system of internal audit and to conduct a review at least once in a financial year of the effectiveness of its system of internal audit. The Causeway Coast and Glens District Council has now established an in-house Internal Audit Department but this was not operational during 2014-15 due to the limited nature of the Council's powers at that time. A review of the effectiveness of the system of internal audit was carried out during 2014-15 by the Council and the findings of the review were considered by the Audit Committee.

² The Good Governance Standard for Public Services, OPM and CIPFA, 2004

³ Local Government (Accounts and Audit) (Amendment) Regulations (NI) 2006 and DOE circular LG/04/08

Audit Committee

It is essential that Members exercise effective scrutiny of the internal control processes and procedures in place within the Council. One way that Members carry out this function is through the Audit Committee. The Audit Committee of Causeway Coast and Glen District Council met 4 times in the year.

4. Proper arrangements

Legislation requires me to be satisfied that proper arrangements have been made for securing economy, efficiency and effectiveness in the use of resources⁴.

My review of Causeway Coast and Glens District Council's arrangements for securing value for money was necessarily limited in scope due to the fact that the Council was operating in shadow form during 2014-15. Rather than covering all the areas referred to in my Code of Audit Practice I focused on specific aspects of finance and governance which the Council was responsible for during that period.

On the basis of my work I am satisfied that except for the Council not having prepared or approved

- the 12 prudential indicators prior to 1 April 2015 and estimated the forward-looking indicators for at least a three-year period in line with Section 7 of the Local Government (Capital Finance and Accounting) Regulations (Northern Ireland) 2011;
- an affordable borrowing limit prior to 1 April 2015 in respect of the 2015-16 year in line with Section 13 of the Local Government Finance Act (Northern Ireland) 2011.

the Council had proper arrangements in place to ensure economy, efficiency and effectiveness in the use of resources. I have made some recommendations to the Council and they are included in my Report to those Charged with Governance.

⁴ Local Government (Northern Ireland) Order 2005

5. Closing Remarks

This letter concerning the 2014-15 audit of Causeway Coast and Glens District Council is addressed to the Members of Causeway Coast and Glens District Council and prepared for the sole use of the latter. No responsibility is taken by auditors to any member or officer in their individual capacity, or to any third party.

The factual accuracy of this Audit Letter has been agreed with the Chief Executive and Chief Financial Officer of Causeway Coast and Glens District Council.

Causeway Coast and Glens District Council facilitated the audit in a positive and constructive way. I would like to take this opportunity to express our appreciation for the assistance and co-operation provided.

This letter will be presented to the Causeway Coast and Glens District Council Audit Committee by my staff. I have also asked the Chief Executive to provide a copy to all Members of the Council.

Louise Mason

Local Government Auditor

24 November 2015