



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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Moyle District Council

AUDIT OF 2014-2015 FINANCIAL STATEMENTS

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 2014-15 financial statements for the benefit of those charged with governance¹. We would like to thank the Chief Financial Officer and Assistant Chief Executive and Director of Corporate Services and their staff for their co-operation during the audit process.
2. The examination of the 2015 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 statement in Public Sector Bodies in the United Kingdom and the Code of Audit Practice issued by the Chief Local Government Auditor. Our approach to the audit was planned and executed in accordance with the Audit Strategy presented to the Audit Committee in March 2015.
3. This report has been prepared for the sole use of Moyle District Council. Our prior consent should be sought before any distribution (including web publication) either in full or in part is made. The Northern Ireland Audit Office (NIAO) does not accept responsibility to any third party for losses arising from reliance being placed on this report.
4. In accordance with regulation 6 of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006, the Council published its financial statements including the audit report by 31 October 2015.
5. After the conclusion of the audit the Council must 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 publically 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

6. 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

7. Our audit fieldwork is now complete.

Overall conclusion and opinion

8. The Local Government Auditor's audit opinion is 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.
9. The Local Government Auditor certified the 2014-15 financial statements on 27 October 2015 with an unqualified audit opinion, without modification.

Audit judgements

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

Audit findings

11. In Section 2 we outline the quality, effectiveness and transparency of Moyle 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.
12. No issues arose concerning the quality, effectiveness and transparency of financial reporting and accounting.
13. We consider Moyle District Council's accounting policies to be appropriate.
14. We did not identify any significant issues regarding regularity.

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

15. We did not identify any significant internal control weaknesses².
16. We consider the quality of the Governance Statement to be appropriate. Further issues of interest are set out in the Other Matters of Governance Interest section.

Identified misstatements

17. In the course of the audit no misstatements were identified which have been adjusted in the financial statements.
18. Section 3 also details uncorrected misstatements. This is only a classification error which would have no effect on expenditure or net assets. Management have not corrected these misstatements as they do not consider them material in the context of the financial misstatements as a whole.

² In accordance with ISA 265, it is the auditor's responsibility to communicate appropriately to those charged with governance and management, deficiencies in internal control identified in an audit of financial statements that, in the auditor's professional judgement, are of sufficient importance to merit their respective attentions.

Section 1

Audit Risks

Significant risks

- 1.1 In our Audit Strategy issued in March 2015, our assessment of Moyle District Council's operations and control environment did not identify any significant risks. A significant risk is an identified and assessed risk of material misstatement that, in the auditor's judgement, requires special audit consideration.
- 1.2 During the course of the audit, we did not identify any new significant risks.

Section 2

Audit Findings

Financial Reporting and Accounting Policies

- 2.1 The Financial Statements are required to comply with the Code of Practice on Local Authority Accounting in accordance 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 Our audit did not produce any substantive issues regarding the appropriateness of accounting estimates and judgements.
- 2.4 We also note that:
- The accounting policies have remained consistent with the prior year. We are content with the appropriateness of the accounting policies judged against the objectives of relevance, reliability, comparability and understandability.
 - No issue arose concerning the timing of transactions and the period in which they are recorded;
 - Our audit did not produce any substantive issues regarding the appropriateness of Moyle District Council's accounting estimates and judgements.
 - No material risks or exposures were identified that are required to be disclosed in the financial statements.
 - No unusual transactions were identified that have had a significant effect on the financial statements.
 - No material misstatements were apparent in the other information in the documents containing the audited financial statements or material inconsistencies between it and the audited financial statements.

Review of information in the Explanatory Foreword

- 2.5 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.
- 2.6 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

- 2.7 We have reviewed the Governance Statement and in our opinion, it fairly reflects our understanding of the state of internal control systems within the entity during the year and the changes made to the Governance Statement during the course of the audit.

Observations & Recommendations

- 2.8 This section outlines the findings arising from our audit, as well as management's response and target date for implementation to these recommendations.
- 2.9 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.
- Other issues of a more minor nature have been sent to the Financial and Management Accountant.

Section 2

Audit Findings

2.10 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.

Index of recommendations

Issues raised

No.	Description	Priority	Page
1	Completeness and accuracy of Fixed Asset Registers	2	6

Section 2 Audit Findings

1. Completeness and accuracy of Fixed Asset Registers

Observation
<p>Our audit testing indicated that not all fixed assets are removed from the Fixed Asset Register when they are disposed of. Specifically, 19 motor vehicles had not been deleted from the Fixed Asset Register upon their disposal in prior years. Upon further inspection, 5 of the 19 motor vehicles had also not been reported as having been disposed of in the prior year financial statements, even after they had been physically disposed of. We have therefore identified these 5 motor vehicle disposals being reported in the current year (2014-15) financial statements, where they more properly belong to prior periods. However, the cumulative NBV is nil and there is no effect on the Comprehensive Income and Expenditure Statement.</p> <p>We reviewed motor vehicle fleet insurance documents for completeness of the fixed asset register. Of our sample we have identified 4 vehicle registrations as being insured that have never appeared on the fixed asset register. We have also identified a further 4 vehicles that continued to be insured for the 2014-15 year but which had already been disposed of in prior years.</p> <p>As per management's response to a similar prior year Priority 2 issue, we were informed that a disposals form would be prepared for each disposal by relevant department heads and sent to the finance office to ensure an up-to-date fixed asset register is maintained. However, upon testing of disposals, it has come to light that the disposals form had not been included as an element of the control system for year 2014-15.</p>
Implication
If Council's fixed asset registers are not updated regularly, the financial statements may not be accurate. The council are insuring vehicles which they do not own at a cost to the rate payer.
Priority Rating
2
Recommendation
<p>Ensure that the Finance Department is regularly informed of all fixed asset disposals.</p> <p>Carry out an exercise to remove any fixed assets from the fixed asset register that have previously been disposed of to ensure the fixed asset registers are correct going forward.</p>
Management Response
<p>Accepted – Several vehicles were removed during the 14-15 year but were not shown as a prior period adjustment. The vehicles not on our fixed asset register are ones that are hired in to cover breakdowns and still need to be insured. The others that were disposed of should have been removed from the insurance records this is due to a miscommunication between service departments and insurance staff. Regarding the disposal notification form the FAMA issued this to staff on 12-05-14 and then issued a further reminder about using the form on 25-11-14. A full review of the fixed asset register will take place during the 15-16 year in CC&GBC.</p>
Target for Implementation
December 2015

2.12 In accordance with International Standards on Auditing we have to consider significant weaknesses identified in our prior year audit. There were no priority 1 recommendations made in our prior year Report to Those Charged with Governance. The audit committee should continue to track progress on all recommendations, including Priority 2 and Priority 3 points.

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, no adjustments were made to the financial statements presented for audit.
- 3.4 We have made no other suggestions regarding the disclosures required under the Code of Practice on Local Authority Accounting.

Unadjusted misstatements or uncertainties arising from the audit

- 3.5 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 £4,850.

Description of adjustments	Account area	Comprehensive Income and Expenditure Statement		Balance Sheet	
		Debit	Credit	Debit	Credit
		£'000	£'000	£'000	£'000
Car Loans	Long Term Debtors				15
Car Loans	Short Term Debtors			15	
Overall Total		-	-	15	15
Net effect		-			-

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. We found no such instances during our testing.
- 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.

Management of personal data

- 4.6 Moyle 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 continue to liaise closely with Internal Audit and place reliance on their work where their objectives cover areas of joint interest.

Independence, integrity & objectivity of auditors

- 4.10 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.
- 4.11 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 Moyle District Council that we consider to bear on our objectivity and independence.

Reliance on other experts

- 4.12 We have relied on the work of Aon Hewitt in respect of Moyle District Council's obligation under the NILGOSC defined benefit pension scheme. We have relied on Land and Property Services in respect of providing indices for revaluation purposes of Property, Plant and Equipment.

Section 4

Other Matters of Governance Interest

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 the audited body can then write directly to the Comptroller and Auditor General. He will ensure that a further review of the case will be undertaken.

The Local Government Auditor
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LETTER OF REPRESENTATION: Moyle District Council 31 March 2015

I acknowledge as Chief Financial Officer of Causeway Coast & Glens Borough Council I acknowledge my responsibility for discharging the functions of Moyle District Council which include preparing accounts that give a true and fair view of the state of affairs, income and expenditure and cash flows of the Moyle District Council for the year 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; and
- prepare the accounts on a going concern basis on the presumption that the operations of Moyle District Council will continue under the new amalgamated Causeway Coast & Glens Borough Council.

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

- having considered and enquired as to Moyle 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 Moyle 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 Moyle 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 Moyle 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.

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.

Annex A – Letter of Representation

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 Moyle 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 Moyle District Council and free from any lien, encumbrance or charge, except as disclosed in the accounts. The Balance Sheet includes all long term assets owned by Moyle District Council.

Long Term Assets

All assets over £1,000 are capitalised. They are revalued annually using indices from Land and Property Services. 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 Moyle District Council's operations.

Current Assets

On realisation in the ordinary course of Moyle District 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 Moyle 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.

Provisions

No provisions were considered necessary in the financial statements.

Contingent Liabilities

I am not aware of any legal claims or potential legal claims against Moyle District Council.

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

OTHER LIABILITIES

The pension liability at the year end is valued by Aon Hewitt (actuarial experts) in respect of Moyle District Council's obligation under the NILGOSC defined benefit pension schemes.

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 Moyle District Council or circumstances of an exceptional or non-recurring nature.

Annex A – Letter of Representation

Staff Severance Scheme

I confirm that no final offers with regards severance arrangements were made with any member of staff from the legacy council of Moyle District Council prior to 31 March 2015, as such no provision has been included in the financial statements.

Unadjusted errors

The following unadjusted errors have been brought to my attention:

- Car loans of £35,367 has been classified as ‘long term debt’, however we have identified £14,928 of this as being within 1 year. This is only a classification error and therefore no adjustment has been made to the accounts.

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

Data handling

I am unaware of any data handling incidents during the year.

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

Causeway Coast & Glens Borough Council

Chief Finance Officer

20 October 2015

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

I have audited the financial statements of Moyle District Council for the year 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 financial statements have been prepared under the accounting policies set out within them.

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. Under the transitional arrangements set out in the Local Government (Transitional, Supplementary, Incidental Provisions and Modifications) Regulations Northern Ireland) 2014, the Causeway Coast and Glens Borough Council takes responsibility for the financial statements of the Moyle District Council.

Respective responsibilities of the Chief Financial Officer and the independent auditor

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 and for being satisfied that they give a true and fair view of the income and expenditure and cash flows for the financial year and the financial position as at the end of the financial year. 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. 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 the Moyle District Council's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Moyle 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 and the Code of Practice on Local Authority Accounting in the United Kingdom 2014-15, of the financial position of Moyle 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.

Opinion on other matters

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

Annex B – Audit Report

Matters on which I report by exception

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

- The Annual Governance Statement:
 - does not reflect compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2014-15;
 - does not comply with proper practices specified by the Department of the Environment;
 - 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

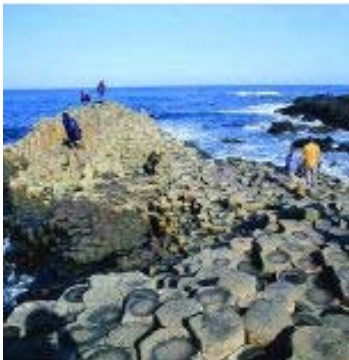
I certify that I have completed the audit of accounts of Moyle District Council in accordance with the requirements of the Local Government (Northern Ireland) Order 2005 and the Local Government Code of Audit Practice.

Louise Mason

Local Government Auditor
Northern Ireland Audit Office
106 University Street
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27 October 2015

Issued by the Local Government Auditor



Moyle District Council 2014-15

To the Members of
Causeway Coast and Glens Borough
Council

Louise Mason
Local Government Auditor
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1. Introduction

I have been designated the Local Government Auditor for Moyle District Council by the Department of the Environment 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. The audited body no longer exists due to the implementation of Local Government Reform from 1 April 2015 so the report is issued to the Members of the Causeway Coast and Glens Borough Council which is the relevant successor 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. Moyle District Council was amalgamated together with Coleraine Borough Council, Ballymoney Borough Council and Limavady Borough Council into the Causeway Coast and Glens Borough 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 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 Borough Council struck the 2015-16 rates and approved business and financial plans in advance of 1 April 2015. As Causeway Coast and Glens Borough 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. This is the subject of a separate letter to the Audit Committee.

As well as additional audit work required in relation to the new councils operating in shadow form and the audit of statutory transition committees in the transitional year of 2014-15, the Act provides that I will undertake improvement audits and assessments each year for each of the new councils.

These 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 preparation for this extra work I have been engaging with relevant external stakeholders. I have established a team to manage and develop a best practice audit approach and methodology which will enable my staff to carry out their work with independence, integrity and objectivity, in accordance with the key principles set out in my 'Code of Audit Practice'.

2. Financial Statements

Summary of Audit Findings

Moyle District Council

The accounts of Moyle 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.

The financial statements were signed by the Chief Financial Officer of Causeway Coast and Glens Borough Council on 29 June 2015. This is within the statutory timeframe of 30th June. Following the audit, the accounts were re-signed on 14 October and published on the website of Causeway Coast and Glens Borough Council on 29 October 2015 in accordance with the regulations.

On 27 October 2015 I gave the following unqualified opinion on the financial statements for the year ended 31 March 2015:

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, of the financial position of Moyle 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 the Causeway Coast and Glens Borough 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 the Balleymoney, Coleraine, Limavady and Moyle Councils, was formed through regulation¹ to ensure that the Causeway Coast and Glens Borough 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 on 19 June 2014, following the election held in May 2014 to determine the Members of the new Council.

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

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 Moyle District Council shows that during the year ended 31 March 2015 the Council spent £9.3m on the provision of services. It also received income of £8.1m.

The major items of expenditure were

- Recreation and sport £1.5 million (2013-14: £1.8 million)
- Waste Disposal £0.7 million (2013-14: £0.6 million); and
- Waste Collection £0.9 million (2013-14: £0.9 million).

The major areas of income were

- District Rates Income £5.2 million (2013-14: £5.0 million)
- Tourism £0.3 million (2013-14: £0.3 million); and
- Recreation and Sport £0.2 million (2013-14: £0.6 million).

At 31 March 2015 Moyle District Council had net non-current assets of £34.4 million. The majority of these non-current assets are in the Buildings category. Total loans outstanding were £9.6 million.

At 31 March 2015 Moyle District Council had usable reserves of £833,644 as set out in the table below.

Usable Reserves	£
General Fund	£313,684
Capital Receipts Reserve	£519,960
Total	£833,644

Legislation² placed a duty on the Chief Financial Officer to make arrangements for the proper administration of Moyle District Council's financial affairs, including the submission to the Council of a report on the adequacy of any proposed financial reserves. The Chartered Institute of Public Finance and Accountancy (CIPFA) and its Local Authority Accounting Panel (LAAP), which includes

² The Local Government Finance Act (Northern Ireland) 2011

representatives from UK local authorities and audit institutions, provide guidance on finance and accounting issues relevant to councils. Specific guidance on financing capital expenditure and the establishment and maintenance of local authority reserves and balances is included in both the CIPFA Prudential Code³ and a recent LAAP Bulletin⁴.

³ The Prudential Code for Capital Finance in Local Authorities (2011 Edition)

⁴ LAAP Bulletin 99 *Local Authority Reserves and Balances*, July 2014

3. Governance

The Good Governance Standard for Public Services⁵ 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

Moyle District Council was 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 Statement⁶.

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.

The Council noted the following significant governance issues in its Governance Statement;

- As progress continues towards Local Government reform there are significant resources required to implement various projects and initiatives associated with this, whilst maintaining current service delivery. This includes systems convergence, analysis, data gathering etc;
- Current economic climate. This brings challenges in terms of funding services with cuts to central government funding and reduced ability by ratepayers and service users to pay for council services;
- Procurement has been identified as an area of both opportunities in terms of collaboration and savings, but also an area of high risk in terms of legislative compliance and challenge;

⁵ The Good Governance Standard for Public Services, OPM and CIPFA, 2004

⁶ Local Government (Accounts and Audit) (Amendment) Regulations (NI) 2006 and DOE circular LG/04/08

- Waste management and challenges associated with meeting EU targets, and the abandonment of the Waste Management Project.

Council have continued to;

- Meet cluster councils regarding strategic direction towards Local government reform;
- Take part in collaborative procurement exercises; and
- Implement the Corporate health and safety action plan.

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 internal audit function for Moyle District Council was carried out by external consultants. 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 and Governance Working Group.

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. Moyle District Council does not operate a committee system, with all business being conducted at full council meeting. However, an Audit and Governance Working Group (AGWG) was established during the 2008-09 financial year with 6 elected members, representative of each political party grouping in council. The AGWG of Moyle District Council met 4 times in the year and the agenda items included

- NIAO audit reports;
- internal audit reports;
- risk register review; and
- other relevant business.

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 resources⁷.

My review of Moyle District Council's arrangements for securing value for money can cover the following ten areas which are referred to in my Code of Audit Practice.

- a) **Financial Planning.** Planning finances effectively to deliver strategic priorities and secure sound financial health.
- b) **Financial Performance.** Having a sound understanding of costs and performance and achieving efficiencies in activities.
- c) **Financial Reporting.** Reliable and timely financial reporting that meets the needs of internal users, stakeholders and local people.
- d) **Procurement.** Commissioning and procuring quality services and supplies that are tailored to local needs and deliver sustainable outcomes and value for money.
- e) **Data to support decision making and manage performance.** Producing relevant and reliable data and information to support decision making and manage performance.
- f) **Good governance.** Promoting and demonstrating the principles and values of good governance.
- g) **Risk.** Managing risks and maintaining a sound system of internal control.
- h) **Natural Resources.** Making effective use of natural resources.
- i) **Asset Management.** Managing assets effectively to help deliver strategic priorities and service needs.
- j) **Workforce Management.** Planning, organising and developing the workforce effectively to support the achievement of strategic priorities.

For 2014-15, I examined the areas of Financial Planning and Asset Management based on my risk assessment of the Council.

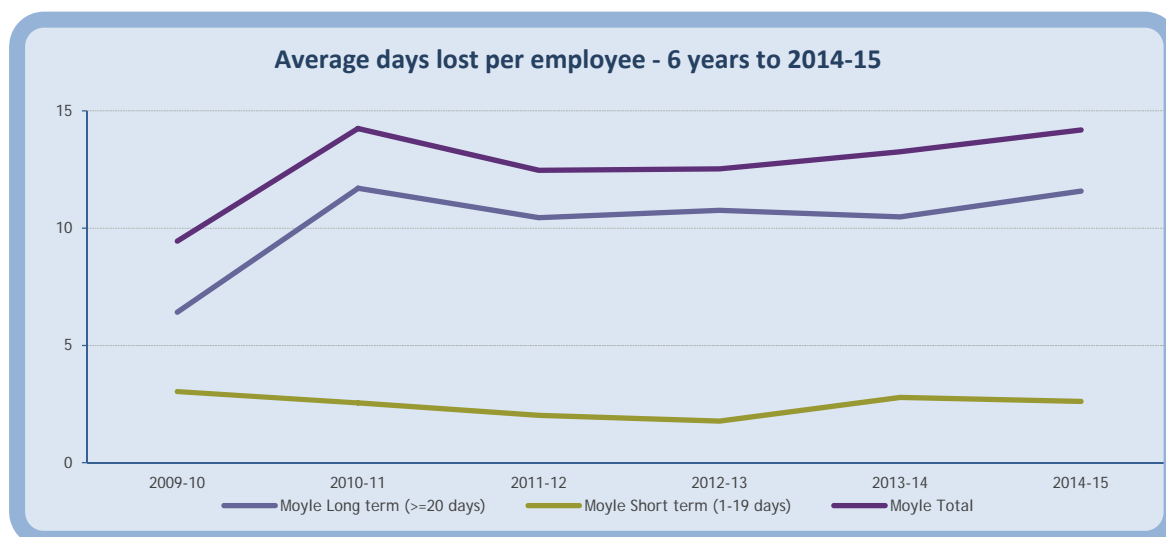
On the basis of my work I am satisfied that the Council had in place proper arrangements to ensure economy, efficiency and effectiveness in the use of resources.

⁷ Local Government (Northern Ireland) Order 2005

5. Other Audit Work

Absenteeism

The 2014-15 absenteeism figure for Moyle District Council is 14.19 days. This represents an increase of 0.93 days on the previous year. The Council has told me that this is due to an increase in musculoskeletal related absences. The trend over the years 2009-10 to 2014-15 is shown below.



Joint Committees

Moyle District Council was a member of:

- the North West Region Waste Management Group Joint Committee which was established for the purposes of managing waste. During the year Moyle District Council advanced £10,616 towards funding the expenditure of the Joint Committee; and
- the North East Region Rural Development Joint Committee which is the delivery mechanism for the Northern Ireland Rural Development Programme 2007-13; and
- the North East Peace III Joint Committee under which Peace III and INTERREG IVA funding is available from the Special EU Programmes Body.

Separate accounts have been prepared by the Joint Committees and are audited by me. Separate annual audit letters are issued to each Joint Committee.

6. Closing Remarks

This letter concerning the 2014-15 audit of Moyle District Council is addressed to the Members of Causeway Coast and Glens Borough 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 of Causeway Coast and Glens Borough Council.

Both Moyle District Council and subsequently Causeway Coast and Glens Borough 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 Borough 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

November 2015