

## **Derry City and Strabane District Council**

**Minutes of Meeting of the Assurance, Audit and Risk Committee (Open) held in the Guildhall, Derry on Thursday 21 June 2018 at 4.00 pm**

**Present: - Councillor McGinley (Chair); Aldermen Thompson, M Hamilton and McClintock; Councillors Duffy, Donnelly, Gallagher, Hastings, J McKeever, O'Reilly and McMahan.**

**In Attendance:- Mrs K Phillips (Director of Environment and Regeneration), Mr A Dallas (Lead Finance Officer), Mrs D McDonnell (Lead Assurance Officer) and Mr J Harrigan (Internal Audit Manager); Miss L Bell (Committee Services Assistant)**

### **AAR73/18 Notice and Summons of Meeting**

The Lead Assurance Officer read the Notice and Summons for the Meeting.

### **AAR74/18 Member Attendance and Apologies**

The Lead Assurance Officer completed the roll call. Apologies were received from Councillor McGuire, Councillor Carlin and Councillor Reilly.

### **AAR75/18 Declarations of Members' Interests**

Councillor Hastings declared an interest in Agenda item 5 stating that he was a Member of the North West Regional Waste Management Group.

### **AAR76/18 Chairperson's Business**

There was no Chairperson's business.

### **AAR77/18 Annual Governance Statement**

The Lead Assurance Officer presented the above report, a copy of which had been previously circulated to Members. She advised that the

purpose of the report was to seek Members' comments and approval on Derry City and Strabane District Council's Annual Governance Statement for the financial year 2017/18.

A brief summary of the report was given, the Lead Assurance Officer added that since preparation of the Annual Governance Statement a further issue has arisen which needed to be included as a Governance issue.

She stated that as Members were aware, Council was required to submit accounts, signed by the Chief Executive, to the Department for Communities by the 30 June 2018. She continued that following audit by the Northern Ireland Audit Office, the final accounts would be presented to the Assurance, Audit and Risk Committee for final approval prior to 30 September 2018 and that Council's individual financial Statements would be completed and submitted to the Department for Communities by the due date. She added that these were based on the financial outturn reported to and approved by the Governance and Strategic Planning Committee in June.

She informed Members that on the basis that City of Derry Airport (CODA Operations) Limited was a wholly owned subsidiary of Council, Council was also required to submit consolidated financial statements reflecting the results, assets and liabilities of City of Derry Airport Operations Limited. However, she indicated that at this time audited accounts for City of Derry Airport Operations Limited were not yet available and as a result Derry City and Strabane District would not be able to submit consolidated financial statement by the 30 June 2018.

She explained that Council Officers were working closely with CODA to understand why the delay had occurred and to ensure that accounts were available for external audit as soon as possible. She also explained that the initial assessment of the situation had indicated that the delay had arisen mainly because of a change in personnel; however, Council Officers were continuing to examine all potential causes and would report back to the Assurance, Audit and Risk Committee in due course should any further issues arise.

She indicated that Council Officers had taken the following immediate mitigating actions;

1. Council Officers had been liaising with the Northern Ireland Audit Office and they had confirmed that they were content to receive group accounts by mid-August.

2. Council Officers were liaising with CODA officials on a daily basis. Based on these discussions it is anticipated that draft accounts would be available by the end of June 2018. The external Auditors for City of Derry Airport are scheduled to carry out their audit in mid-July and fully audited accounts will be available by 31 July 2018.

The Lead Assurance Officer asked Members to note that the submission of Council's accounts was not impacted by this issue and the Council's Financial Statements would be submitted to the Department by the required deadline.

Councillor Gallagher referred to the significant Governance issues and proposed actions within the report and questioned if the proposed actions which were put in place in response to Council not being able to access the £2.5 million which had been awarded by the Northern Ireland Executive to develop new routes, would mitigate the impact on the rate payer. He commented on the reluctance of the treasury to fund the last Public Service Obligation Route from Derry to Dublin and stated that he had no confidence in a new route being implemented. He stated that he felt writing letters to the Secretary of State and other officials was having no impact on the situation adding that as these budgetary decisions were taken last year Council should now be taking proactive action. He suggested that stronger powers such as Members of Parliament and people of influence needed to take direct action to ensure that the impact on the rate payer was mitigated. He also requested that the current management of the City of Derry Airport provide a review of income, outgoings and route plans as the information was not provided in the report.

In response, the Lead Finance Officer advised Members that a report would be presented to the Governance and Strategic Planning Committee in July which would give details surrounding the short and medium term funding options for City of Derry Airport. He added that correspondence with senior civil was ongoing in relation to the £2.5m allocated by the NI Executive in October 2016.

Councillor O'Reilly joined the meeting at this point.

In response to further questioning from Councillor Gallagher, the Lead Finance Officer clarified that the report would be presented to Governance and Strategic Planning, be ratified at Full Council and whilst the report would not be presented at the Assurance Audit and Risk Committee the outcome would be placed on the Risk Register.

In response to questioning by the Independent advisor, the Lead Finance Officer clarified that the budget for 17/18 and 18/19 is not dependent on the £2.5 million awarded by the Northern Ireland Executive for route development.

The Deputy Chair expressed his appreciation to the Officers for the level of work that is put into constructing the Governance Statement.

The Committee

**Recommended that Council approve the Annual Governance Statement 2017/18 and the Annual Governance Checklist.**

#### **AAR78/18 Code of Governance**

The Lead Assurance Officer presented the above report, a copy of which had been previously circulated to Members. She advised that the purpose of the report was to seek Members comments and approval on Derry City and Strabane District Council's Code of Governance for the financial year 2017/18.

The Committee

**Recommended that Council approve the Council's Code of Governance for 2017/18.**

#### **AAR79/18 Public Sector Internal Audit Standards**

The Internal Audit Manager presented the above report, a copy of which had been previously circulated to Members. He advised that the purpose of the report was to inform Members that Council is compliant with Public Sector Internal Audit Standards and to seek Members comments and approval on the Internal Audit Section's self-assessment against the Public Sector Internal Audit Standards.

The Committee

**Recommended that Council Approve the Internal Audit Section's self-assessment against the Public- sector Internal Audit Standards.**

#### **AAR80/18 Derry City and Strabane District Council Annual Audit Report 2017/18**

The Internal Audit Manager presented the above report, a copy of which had been previously circulated to Members. He advised that the purpose of the report was to seek member's comments and approval on the Council's Annual Audit Opinion for 2017/18. The report detailed that the general level of control remains at satisfactory. He stated that it should be noted that Internal Audit's work during 2017/18 resulted in a significant number of recommendations being made regarding the Council's Waste and Environment Management and Licensing systems with both receiving the assurance levels of 'Improvement Needed'. However, Internal Audit's recommendations have been agreed with senior management, improvement plans have been drawn up and priority actions are required to be implemented within defined timescales. These area will be reviewed again and follow up audit work will be carried out with the findings reported back to the Assurance Audit and risk Committee. The report also detailed that the other Council audits completed during 2017/18 received 'Satisfactory' assurance ratings. (Foyle Arena and Property Management follow up audits, Dog Licensing Income Collection and the audit of the project to the transfer of the ILEX Strategy and Regeneration function to Derry City and Strabane District Council.

The Independent Advisor commented that it was pleasing to see two areas within the report upgraded to satisfactory and offered his congratulations to Officers on this. He indicated that improvement was still needed in some areas and questioned if sufficient overall progress had been made to give an overall rating of satisfactory and to satisfy the external auditors.

In response, the Lead Assurance Officer stated that as External Audit was scheduled for the summer she could not predict any issues which they might identify at this stage. She stated that internal audits had been completed and action plans had been put in place in relation to implementing the recommendation made..

The Committee

**Recommended that Council approve the Internal Audit Section's Annual Audit report 2017/2018.**

**AAR81/18 Proper Arrangements Questionnaire 2017/2018**

The Lead Assurance Officer presented the above report, a copy of which had been previously circulated to Members. She advised that the

purpose of the report was to advise Members of the contents of the recently completed Proper Arrangement Questionnaire 2016/2017.

The Committee

**Recommended that Council note the contents of the Proper Arrangements Questionnaire 2017/18.**

**The meeting ended at 4.25 pm**

**The Meeting went into Confidential Business**