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- Equality
- Openness
- Innovation

To make a difference for the people of Northern Ireland.

The Department for Communities, with the consent of the Comptroller and Auditor General for Northern Ireland, has designated Mrs Louise Mason as the Local Government Auditor. She, and the Northern Ireland Audit Office, are totally independent of Local Government. She certifies the accounts of all Local Government bodies in Northern Ireland and is also responsible for councils' performance improvement audits and assessments.

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DERRY CITY AND STRABANE DISTRICT COUNCIL

AUDIT AND ASSESSMENT REPORT 2017-18

**A REPORT TO THE COUNCIL AND THE
DEPARTMENT FOR COMMUNITIES UNDER
SECTION 95 OF THE LOCAL GOVERNMENT
(NORTHERN IRELAND) ACT 2014**

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Section 1

Introduction and status of this report

Introduction

1.1 Part 12 of the Local Government Act (Northern Ireland) 2014 (the Act) sets out that all councils are under a general duty to make arrangements to secure continuous improvement in the exercise of their functions. It sets out a number of council responsibilities under a performance framework. It also sets out key responsibilities for the Local Government Auditor. The Department for Communities (the Department) has published 'Guidance for Local Government Performance Improvement 2016' (the Guidance) which councils and the Local Government Auditor have to follow.

The improvement audit

1.2 Each year the Local Government Auditor has to report whether each council has discharged its duties in relation to improvement planning, the publication of improvement information and the extent to which each council has acted in accordance with the Department's Guidance. The Local Government Auditor's procedures to do so are called "improvement audits".

The improvement assessment

1.3 The Local Government Auditor also has to assess annually whether a council is likely to make the required arrangements to secure continuous improvement in that year. This is called the "improvement assessment". The Local Government Auditor also has the discretion to assess and report whether a council is likely to comply with these arrangements in future years (see paragraph 2.5).

1.4 Improvement audits and improvement assessments are undertaken in accordance with the Local Government Auditor's statutory responsibilities¹ and the Department's Guidance. They are planned and conducted in accordance with the performance improvement Audit Strategy issued by the Local Government Auditor to councils, her Code of Audit Practice for Local Government Bodies in Northern Ireland and the Statement of Responsibilities.

Status of this report

1.5 This report has been produced by staff of the Northern Ireland Audit Office (the NIAO) on behalf of the Local Government Auditor in discharging her duties under section 95 of the Act. It certifies that she has carried out an improvement audit and improvement assessment for 2017-18 and states whether, as a result, she believes that the Derry City and Strabane District Council (the Council) has discharged its performance improvement duties.

1.6 This report has been prepared for the sole use of the Department and the Council. The Local Government Auditor and NIAO do not accept responsibility to any third party for losses arising from reliance being placed on this report.

¹ Sections 93 and 94 of the Local Government Act (Northern Ireland) 2014

Section 1

Introduction and status of this report

Other performance improvement reports by the Local Government Auditor

The Annual Improvement Report on the Council

- 1.7 The Act requires the Local Government Auditor to summarise all of her work carried out (in relation to her responsibilities under the Act) at the Council, in an “annual improvement report”. This will be published on the NIAO website in due course, making it publicly available.

Special inspections and statutory recommendations

- 1.8 The Local Government Auditor may also, in some circumstances, carry out special inspections which will be reported to the Council and the Department, and which she may publish, or make statutory recommendations.

Section 2

Matters required to be reported on

Matters required to be reported on

Improvement audit and improvement assessment

- 2.1 The Local Government Auditor's audit opinions in relation to the improvement audit and her improvement assessment are in the Annex to this report.
- 2.2 In the Annex, the Local Government Auditor certifies that she has performed the improvement audit and improvement assessment for the Council and that, as a result of this work, she is satisfied that the Council has discharged its statutory performance improvement and reporting duties and that it acted in accordance with the Guidance.
- 2.3 She also reports that, as 2017-18 was the second year in which councils were required to implement the new performance improvement framework, the Council's arrangements to secure continuous improvement are, as is to be expected, still in various stages of development and implementation. The Council is strengthening its arrangements to secure continuous improvement, and delivered measurable improvements to its services in 2016-17. However, until the Council's arrangements mature and it can demonstrate a track record of continuous improvement the Local Government Auditor is unable to determine, the extent to which improvements will be made.
- 2.4 The Local Government Auditor anticipates that the Council should be able to demonstrate that it is meeting its responsibility to continuously improve over the next couple of years, with the benefit of mature performance improvement arrangements, particularly in relation to the collection and use of data.
- 2.5 The Local Government Auditor has decided at present not to perform the discretionary assessments of whether councils in Northern Ireland are likely to comply with the requirements in future years. She will keep this decision under review as the new framework establishes itself and the track records of councils accumulate.

Special inspections and statutory recommendations

- 2.6 No special inspections or statutory recommendations were required at the Council this year.

Other matters

- 2.7 Whilst the Local Government Auditor has no statutory recommendations to make and there is no requirement for a special inspection this year there are some areas which could be developed. These are set out under Section 3 'Key audit and assessment findings' of this report.

Section 3

Key audit and assessment findings

Key audit and assessment findings

- 3.1 This section outlines observations arising from the thematic areas of the Council's audit and assessment. Some findings, where relevant, give rise to proposals for improvement. These are not formal recommendations, which are more significant matters which require action to be taken by the Council in order to comply with the Act or Guidance.
- 3.2 Proposals for improvement include matters which, if accepted, will assist the Council to meet its performance improvement responsibilities. The Local Government Auditor believes that agreed proposals to the Council, should be implemented and will follow them up in subsequent years.
- 3.3 Our procedures were limited to those considered necessary for the effective performance of the audit and assessment. Therefore, the Local Government Auditor's observations should not be regarded as a comprehensive statement of all weaknesses which exist, or all improvements which could be made.
- 3.4 Each year we review progress the Council has made on these findings and it is recommended that the Council's Audit Committee should monitor and track their progress.

Index of key findings

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Key audit and assessment findings

1. General duty to improve

The Council is required to make arrangements to secure continuous improvement in the exercise of all of its functions. These arrangements should enable the Council to understand local needs and priorities, collect performance data and as a result, use this information to identify and prioritise those functions which will benefit most from improvement. This will enable it to select its improvement objectives and in turn, make best use of its resources and capacity to deliver outcomes. The Council's arrangements were constructed within the seven relevant criteria set out in legislation and the current functions prioritised and selected for improvement are aligned to its strategic themes and its community plan outcome statements. The functions prioritised and selected for improvement by senior management were on the basis of need, alignment to its strategic themes and alignment to ongoing corporate objectives and the Community Plan. Improvement objectives and processes are linked to community plan.

The Council engaged with the public through its community planning process which included, for example, public meetings, to strengthen its understanding of community needs. This process fed into its arrangements to secure continuous improvement and has enabled the Council to build and develop its arrangements. The Council's general duty to improve is therefore linked clearly to its community planning outcomes.

The Council's arrangements to secure continuous improvement are becoming more established and continue to be developed, however more time and resources are required for its performance management arrangements to develop effectively and become embedded. The process by which functions are prioritised and selected continues to develop, but will benefit from enhanced scrutiny and transparency.

As a result of its community planning process, the Council has a stronger understanding of what its citizens and stakeholders want and it is continuing to develop a performance management system to establish baselines and measure how each of its functions are performing. Once developed and embedded fully, this should provide a more robust evidence base for identifying those functions/services which would benefit most from improvement and also help in further improving transparency of its arrangements to deliver its general duty. Whilst this is in development, the Council made use of service data (and other qualitative data), where available, to measure the performance of its functions which helped to inform decision making in respect of its identification of improvement priorities.

As the Council's arrangements to meet its general duty develop and mature it is important that in the interests of greater openness and transparency, there is a logical evidence base and documented process to support the general duty to improve and its selection of priority areas for improvement.

The Council has taken action to address a number of issues raised by the Local Government Auditor in last year's report. These have either been implemented or, given their nature, are still being progressed towards full implementation.

To assist the Council we recommend the following proposal for improvement:

- prioritise the further development of its performance management system to enable the performance of all its functions and services to be measured, to support the identification of those areas which would benefit most from improvement.

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Key audit and assessment findings

2. Governance Arrangements

It is important that the Council's governance arrangements are robust and support effective decision making and oversight in relation to its statutory responsibility to have arrangements in place to secure continuous improvement in its functions. The Council has established governance arrangements to assist it in meeting its performance improvement responsibilities and these have continued to develop.

The Council has identified roles in respect of the overall responsibility for performance improvement responsibilities for two committees, the Governance and Strategic Planning Committee, which has responsibility for managing and scrutinising Council's performance and delivery of its performance improvement duties and the Assurance, Audit and Risk Committee which has a strategic monitoring role. In addition there is scrutiny and monitoring of improvement project delivery through functional committees as part of the Council's wider management framework, as well as progress review by the Senior Leadership Team.

The Council's Assurance, Audit and Risk Committee has responsibility to ensure that arrangements for good governance are in place and operating effectively. There is evidence that the Assurance, Audit and Risk Committee has been performing its monitoring role, for example, by commissioning internal audit to conduct a future audit on the overall performance improvement process and the progress being made within the Council performance improvement plan, detailing any areas of concern which may impact on the Performance Improvement Plan. Its governance role includes considering an annual performance improvement progress report which focuses on the current delivery position of each improvement objective. The process would benefit from more regular, timely information including detailed outcome information, specifically in relation to any performance measures and standards for each supporting project or activity, as well as against the overall objective level.

The Council needs to be satisfied that its Committees are subjecting the Council's improvement priorities, improvement objectives, activities, projects, risks and performance to appropriate scrutiny, challenge and evaluation on a regular basis. To this end, officers must provide the Governance and Strategic Planning Committee and the Assurance, Audit and Risk Committee with appropriate, timely and regular information in relation to the delivery of its performance improvement responsibilities.

The Council has taken action to address a number of issues raised by the Local Government Auditor in last year's report. These have either been implemented or, given their nature, are still being progressed towards full implementation.

3. Improvement Objectives

The Council is required to establish improvement objectives each year and we assess these in line with legislation and supporting statutory guidance. Councils are expected to determine their own priorities for improvement based on a thorough understanding of the communities they serve. Improvement, in the context of the legislation, means more than just quantifiable gains in service output or efficiency, or the internal effectiveness of an organisation. Improvement for councils should mean activity that enhances the sustainable quality of life and environment for ratepayers and communities. It also requires improvement objectives to be legitimate, clear, robust, deliverable and demonstrable.

The Council published its '*Corporate Plan 2017-18 & Performance Improvement Plan 2017-18*' which included five improvement objectives. These objectives were informed by and linked to the three community planning themes from its Community Plan. They are also linked to the functions the Council has chosen to improve and its strategic corporate objectives. Two prior year improvement objectives remained the same, whilst three were amended and realigned to be more strategic and outcome focused.

Most of the objectives describe the overall purpose and the scope of action to deliver it. However, one objective is strategic, broad and open-ended: '*To prosper through a strong, competitive, entrepreneurial and innovative economy*'. The Department for Communities' statutory guidance makes clear that improvement objectives that are too broad and aspirational may lack the capability to inform effective action and accountability. Objectives that are too narrow or operational in nature may lack an overall sense of purpose.

The Council has identified and selected a number of projects and activities to contribute towards delivering each objective. High level underlying information setting out what improvements citizens can expect to see, what actions are to be taken during the year and how success will be measured are set out for each project. Due to the high level at which some activities or projects are described in the Improvement Plan, some of the outcomes are described in terms of outputs, for example, 'delivery of district wide sports camps'. While the Council has a clear understanding of what improvement will look like, this needs to be communicated more clearly to citizens and stakeholders within its Improvement Plan.

At the improvement objective level there are not yet any published baselines for current performance or future targets set for defined terms of success however, for some objectives the Council has published statistics which should enable it to monitor and report on any improvement. Whilst the Council has selected and published a range of related measurable indicators under each objective to enable improvement to be demonstrated over time, these do not always have published baselines or targets. Overall the projects and activities address a broad range of areas, recognising the need to improve internal arrangements as well as to ensure positive outcomes for citizens and in this respect, they are legitimate and clear.

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Key audit and assessment findings

As one of the objectives is considered to be strategic, broad and open ended, there is some distance between what the overall objective is seeking to achieve and the projects and activities set to contribute towards delivering it. The Council is, of course, free to interpret its responsibilities in this way, although the Department's guidance cautions councils against setting any objectives that are too broad. At the overall improvement objective level there is no baseline for current performance and how improvement will be measured going forward.

The Council should be able to demonstrate the extent of improvement at the individual project level, but demonstrating the extent to which improvement accruing from individual projects is contributing to the overall objectives and concluding on whether the objective has been delivered, will be more difficult. For example, the Council needs to consider how the "*Progress Local Development Plan preparation*" project can be demonstrated to contribute to the objective "*to protect and enhance the environment*". If improvement arising from projects is having a limited impact on the improvement objectives then the Council should consider whether its objectives have been set at too broad a level. Experience elsewhere in the United Kingdom indicates that the selection of broad improvement objectives has led to difficulty in concisely reporting improvement. The Council has taken action to address a number of issues raised by the Local Government Auditor in last year's report. These have either been implemented or, given their nature, are still being progressed towards full implementation.

To assist the Council we recommend the following proposals for improvement:

- the Council should avoid any improvement objectives that are excessively broad, aspirational and open-ended as they may lack the capability to inform effective action and accountability. Objectives should ideally both describe the overall purpose and the scope of action to deliver it (for example "we will provide more and better opportunities for citizens to engage in physical activity");
- the Council should ensure that any improvement achieved can be demonstrated at the objective level and not just at the project level. This could be achieved by establishing baselines, setting indicators, and standards at the objective level;
- the improvement outcome(s) should always be clearly stated so that citizens can understand how they will benefit; and
- where possible and relevant, use baseline performance data/information (and set standards which it hopes to achieve) against which future improvement can be demonstrated.

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4. Consultation

We looked at how well the Council involved local people and those that work with and for it, in deciding its priorities for improvement. The Council carried out extensive consultation during its community planning process to identify and understand community needs.

This supported an internal process to identify emerging objectives and identify improvement projects for 2017-18 which would contribute to achieving those objectives. The Council carried out consultation on its improvement objectives, covering staff, elected representatives, community/voluntary groups, local businesses and representative business organisations. Following this, a six week consultation exercise was undertaken on the Council's draft improvement objectives using the Council website, local press, mailing lists and social media. The Council also facilitated a number of targeted discussions by meeting face to face with a range of panels/citizen groups to obtain views, as well as service level feedback, from citizens and organisations.

To encourage meaningful responses the core consultation document included a rationale for each improvement objective and provided space for comment as well as for additional comments, and contact details for any queries. In addition, the Council provides its citizens and stakeholders with an opportunity to propose new improvement objectives during the year via the website. In this respect, the Council has met its statutory duty to consult on its improvement objectives.

It is the Council's responsibility to promote and encourage its citizens and stakeholders to engage with it. In last year's report we shared a number of good practice methods for raising the public profile of the concept of performance improvement along with ways to improve the consultation process, which if adopted, should encourage more citizens and stakeholders to participate in future consultations. The Council has taken action to implement these proposals.

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5. Improvement Plan

The Council published its Performance Improvement Plan 2017-18 in June 2017 as part of its Corporate Plan and it is available in electronic format from the Council's website. Other formats are available upon request. The Plan focuses specifically on the Council's improvement objectives and includes a description of each of these, how they were selected, together with supporting performance improvement projects and key actions to be undertaken in carrying out those projects. The plan includes a separate section on the statutory imposed performance indicators and standards. In addition, it sets out why objectives were chosen and, with regard to each performance improvement project, what improvements are expected. It also provides a summary of the Council's consultation process and the outcome of that process, together with information on how citizens and stakeholders may propose new objectives during the year.

Whilst the plan is transparent in respect of its improvement objectives and includes a commitment to continuous improvement, it does not have a clear description of its arrangements to meet its continuous improvement duty. In addition, whilst there is a list of the statutory indicators and standards that the Council is required to meet, it does not always describe its arrangements to meet these (as required by section 92(4) of the 2014 Act). Without additional clarity in its future plans, the Council is at risk of not being fully compliant with the legislation.

Whilst the Council has identified a limited range of activity based indicators (but not standards) and published these later in the year as part of its self-assessment, it did not publish a range of local (non-statutory) indicators and standards in its plan (other than those relating directly to its improvement objectives and underlying activities). The Council collects a wide range of corporate data relating to its functions and it now needs to identify, select and develop a range of indicators and standards to cover its functions, in support of its general duty to continuously improve.

The Council needs to address these matters in next year's plan.

Good practice suggests that the Council should provide a rationale within its improvement plan for any prior year improvement objectives which have not been brought forward and which have not been achieved. The Council should also continue to monitor any ongoing improvement delivered by prior year short term improvement objectives (i.e. those lasting only one year) as part of its duty to continuously improve. This may be done corporately through the performance management framework and does not necessarily require publication in the Improvement Plan or the Annual Report.

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6. Arrangements to improve

The Council is required to establish arrangements to deliver on its improvement objectives each year. The Department for Communities' guidance states that the Council should be able to understand and demonstrate the impact of its arrangements for continuous improvement on the outcomes for citizens.

The Council continues to establish baseline data or information against which future improvement can be demonstrated or measured. The Council needs to continue to build upon this progress. Successful implementation of a performance management system, and embedding it throughout all Council functions, will be critical to measuring future improvement.

While arrangements are in place to deliver the current year improvement objectives it is too early in the annual performance improvement cycle to determine the likelihood or extent of any improvement which will be delivered because:

- improvement objectives are in the early stages of delivery and are not yet clearly measurable;
- the Council's performance management system is not yet fully developed; and
- to date, there is no externally audited track record of improvement beyond one year.

7. Collection, use and publication of performance information

The collection, use and publication of performance information is critical within the performance improvement framework. It enables the Council to measure and evaluate improvement, assists in the identification of priority areas, facilitates comparison and benchmarking and supports the communication of outcomes and progress with its citizens and other stakeholders.

The Council had additional responsibilities this year specifically, in relation to carrying out of a self-assessment of its performance improvement in 2016-17 and reporting this by 30 September 2017.

The type of information required to be collected, used and reported falls under three key areas:

- the general duty to improve - reflected in local (non-statutory, self-imposed) performance indicators and standards;
- the improvement objectives- priority areas for improvement selected from both the statutory and local performance indicators and standards; and
- statutory and local performance indicators and standards.

The Council is now required to make year on year internal comparisons for local indicators and standards. This should allow it to measure performance and demonstrate the extent of any improvement, in both its general duty for continuous improvement across all functions and in any standards and indicators regarding the individual improvement objectives. It should also compare these local indicators and standards with other councils, where it is reasonably practical to do so.

Some councils have told us that they are unclear as to the purpose or extent of the collection, use and reporting of local performance information. Clearly, some aspects of this responsibility would benefit from additional clarity and formal guidance from the Department for Communities. This would enhance councils' current understanding of the legislation's requirements and also the Department for Communities' expectations of councils.

The Local Government Auditor's interpretation of this part of the legislation currently is that:

- a council is expected to select a small range of local indicators and set associated standards across its functions, with baselines and targets established for improvement. This will help to identify its improvement priorities and objectives, and will be required to fully meet its responsibility to collect and use information in relation to the general duty to improve across all of its functions;
- in relation to local performance indicators and standards, a council must publish the results of its performance and provide a year on year comparison within its annual self-assessment report; and
- in relation to comparisons with other councils, the Council must continue to work with the Department for Communities and the other councils to agree a suite of local indicators to facilitate comparison. Until this is agreed and implemented, it will not be practicable to publish meaningful comparisons.

This was the first year that councils were required to meet this responsibility. The Local Government Auditor's current view is that, to encourage councils to comply fully and to allow more

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time for the framework to mature, she will not issue any statutory recommendations in relation to this matter this year. Instead 'proposals for improvement' will be used to highlight any matters of non-compliance and good practice. If not addressed by councils, these may become statutory recommendations next year.

Performance information

The Council continues to develop its performance management system. To date this has enabled it to collect a large suite of corporate data and information across some of its functions and services to monitor performance in relation to corporate performance, which has helped identify its priority areas for improvement. This year the Council selected a small range of local (non-statutory) indicators and standards which enables it to begin monitoring its general duty to improve.

The Council is also collecting data and information to monitor progress in relation to its projects which support delivery of its improvement objectives. This includes both quantitative and qualitative information. The Council's performance management framework is becoming embedded corporately and this information is used to monitor the progress of projects at the service delivery plan level and also collectively, to monitor the projects underlying its improvement objectives. This facilitates scrutiny and informed decision making in relation to the Council's performance improvement responsibilities.

The Council has identified and selected a range of local indicators (but not standards) to enable it to measure and monitor improvement across a range of improvement criteria rather than its full range of functions, as part of its general duty arrangements to continuously improve. This information is included in its Self-Assessment Report and provides a year on year comparison. It is our opinion that the majority of selected indicators are activity based and they do not always provide a good base for measuring and monitoring general improvement for citizens and stakeholders.

The Council is liaising with other councils and the Department to agree a range of local performance indicators to facilitate effective comparison. However, this collaborative work is at a very early stage of development and it is too early to draw any conclusions about the extent to which this will benefit the Council.

The Local Government Auditor is encouraging all councils and the Department to agree a suite of local performance indicators to facilitate effective comparison as soon as practicable.

The Local Government Auditor makes the following proposal for improvement to enhance the collection and use of information:

- in addition to the local indicators and standards relating specifically to improvement objectives, the Council should select a range of local indicators and standards to enable it to measure and monitor improvement across its full range of functions, as part of its general duty arrangements to continuously improve. This information should be included in the published Performance Improvement Plan and Annual Self-Assessment Report and provide year on year comparisons; and

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- the Council should continue working with other councils and the Department to agree a suite of self-imposed indicators and standards. This will enable meaningful comparisons to be made and published in line with its statutory responsibility.

Publication of performance information

The Council is required each year to publish a report, or reports, to include a self-assessment of its performance in a financial year:

- in discharging its general duty to improve;
- in meeting its improvement objectives for that year;
- by reference to its local and statutory performance indicators; and
- meeting its local and statutory performance standards.

In addition, the Council's assessment of its performance and its published report should include a comparison of its performance with previous years, and where reasonably practicable, with other councils.

The key purpose of the report is to show citizens, and other stakeholders how the Council is discharging its duty under legislation to secure continuous improvement as set out in its 2016-17 improvement plan. It enables the Council to communicate progress against its improvement objectives and to highlight what visible improvements it has made to its functions and services.

In September 2017 the Council published a Performance report which outlines its corporate performance for the year and includes a separate section relating to its improvement responsibilities. This section focuses on performance in relation to the projects and activities which supported the Council's 2016-17 improvement objectives and includes a section on its performance in relation to meeting its statutory standards, as well as a basic comparison against other council averages.

Improved data collection and management processes during the year has assisted the Council, in some areas, to begin identifying and measuring improvement. This has enabled the Council to support its self-assessment and report on a number of improvements to its services, which should benefit its citizens, for example improved service response times.

However, as many are one off projects specific to that annual plan, it is possible that they will not be reported on again and that no comparison will be possible. This highlights the risk arising from the distance between what the overall objective seeks to achieve and the projects established to deliver the objective (highlighted earlier in this report). As noted above, the Council should continue to monitor any ongoing improvement delivered by prior year improvement objectives and projects as part of its duty to continuously improve. This may be done corporately through the performance management framework and does not necessarily require publication in the Improvement Plan or the Annual Report.

It is recognised that, given the strategic nature of the improvement objectives, evidence of improvement can be difficult to quantify, describe or demonstrate in the short term e.g. the impact on health wellbeing of leisure activities. The self-assessment sets out each objective, what the Council hoped to achieve in the year and what it did achieve. The information is set at a high level,

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focusing on project and activity outputs (and some outcomes) and in most cases includes an overall self-assessment at the improvement objective level.

As highlighted in the previous section, the report includes a small range of local (non -statutory) indicators to assist in measuring its general duty to continuously improve.

The Local Government Auditor has made a number of observations and good practice suggestions for consideration in future self-assessment reports. These will be shared with councils as a separate publication later in the year. If adopted, these would further enhance the transparency of council's performance improvement to citizens and stakeholders.

The Local Government Auditor recommends that the Council adopts the following proposals for improvement to enhance transparency and clarity of future self-assessments:

- self-assessment reports must include a section on performance in relation to its general duty to improve as required under the legislation.

Section 4

Other matters

Statement on personal data

- 4.1 During the course of the audit and assessment we may 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.

Independence, integrity and objectivity of auditors

- 4.2 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.
- 4.3 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 the Council that we consider to bear on our objectivity and independence.

Complaints procedure

- 4.4 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".
- 4.5 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.
- 4.6 Failing resolution of the problem to the satisfaction of the complainant, the Chief Executive of the Council can then write directly to the Local Government Auditor will ensure that a further review of the case will be undertaken.

Audit and assessment of Derry City and Strabane District Council's performance improvement arrangements

Certificate of Compliance

I certify that I have audited Derry City and Strabane District Council's (the Council) assessment of its performance for 2016-17 and its 2017-18 improvement plan in accordance with section 93 of the Local Government Act (Northern Ireland) 2014 (the Act) and the Code of Audit Practice for local government bodies.

I also certify that I have performed an improvement assessment for 2017-18 at the Council in accordance with section 94 of the Act and the Code of Audit Practice.

This is a report to comply with the requirement of section 95(2) of the Act.

Respective responsibilities of the Council and the Local Government Auditor

Under the Act, the Council has a general duty to make arrangements to secure continuous improvement in the exercise of its functions and to set improvement objectives for each financial year. The Council is required to gather information to assess improvements in its services and to issue a report annually on its performance against indicators and standards which it has set itself or which have been set for by it by Government departments.

The Act requires the Council to publish a self-assessment before 30 September in the financial year following that to which the information relates, or by any other such date as the Department for Communities (the Department) may specify by order. The Act also requires that the Council has regard to any guidance issued by the Department in publishing its assessment.

As the Council's auditor, I am required by the Act to determine and report each year on whether:

- The Council has discharged its duties in relation to improvement planning, published the required improvement information and the extent to which the Council has acted in accordance with the Department's Guidance in relation to those duties; and
- The Council is likely to comply with the requirement to make arrangements to secure continuous improvement in the exercise of its duties.

Scope of the audit and assessment

For the audit I am not required to form a view on the completeness or accuracy of information or whether the improvement plan published by the Council can be achieved. My audits of the Council's improvement plan and assessment of performance, therefore, comprised a review of the Council's publications to ascertain whether they included elements prescribed in legislation. I also assessed whether the arrangements for publishing the documents complied with the requirements of the legislation, and that the Council had regard to statutory guidance in preparing and publishing them.

For the improvement assessment I am required to form a view on whether the Council is likely to comply with the requirements of Part 12 of the Act. My assessment of the Council's improvement responsibilities and arrangements, therefore, comprised a review of certain improvement arrangements within the Council, along with information gathered from my improvement audit.

ANNEX

The work I have carried out in order to report and make recommendations in accordance with sections 93 to 95 of the Act cannot solely be relied upon to identify all weaknesses or opportunities for improvement.

Audit opinion

Improvement planning and publication of improvement information

As a result of my audit, I believe the Council has discharged its duties in connection with (1) improvement planning and (2) publication of improvement information in accordance with section 92 the Act and has acted in accordance with the Department for Communities' guidance sufficiently.

Improvement assessment

As a result of my assessment, I believe the Council has as far as possible discharged its duties under Part 12 of the Act and has acted in accordance with the Department for Communities' guidance sufficiently.

2017-18 was the second year in which councils were required to implement the new performance improvement framework. The Council's arrangements to secure continuous improvement, as is to be expected, are still in various stages of development and implementation. The Council is strengthening its arrangements to secure continuous improvement, and has delivered some measurable improvements to its services in 2016-17. However, until the Council's arrangements further develop and begin to mature and it can demonstrate a track record of ongoing improvement in relation to the framework, I am unable to determine, the extent to which improvements will be made.

I have not conducted an assessment to determine whether the Council is likely to comply with the requirements of Part 12 of the Act in subsequent financial years. I will keep the need for this under review as arrangements become more fully established.

Other matters

I have no recommendations to make under section 95 (2) of the Local Government (Northern Ireland) Act 2014.

I am not minded to carry out a special inspection under section 95 (2) of the Act.

Louise Mason

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30 November 2017