



From: The Minister

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David, a chara,

TERMS OF REFERENCE - EXTRAORDINARY AUDIT AT CAUSEWAY COAST & GLENS BOROUGH COUNCIL

On 30 November 2020, Minister Ní Chuilín wrote to you outlining that she had directed the Local Government Auditor to hold an extraordinary audit of the accounts of Causeway Coast and Glens Borough Council concentrating on land disposals and easements and related asset management policies and procedures.

I have now agreed the Terms of Reference for the extraordinary audit with the Local Government Auditor and a copy is attached.

I have asked the Local Government Auditor to take the extraordinary audit forward as soon as possible.

Is mise le meas,

**Deirdre Hargey MLA
Minister for Communities**

TERMS OF REFERENCE FOR THE EXTRAORDINARY AUDIT OF CAUSEWAY COAST AND GLENS BOROUGH COUNCIL

General Background

On 30th November the Minister for Communities wrote to the Local Government Auditor (LGA) (Annex A). The Minister directed the LGA to hold an extraordinary audit of the accounts of Causeway Coast and Glens Borough Council concentrating on land disposals and easements and related asset management policies and procedures. The relevant legislation for undertaking an extraordinary audit is Article 22 of the Local Government (NI) Order 2005.

Purpose of this extraordinary audit

The purpose of this extraordinary audit is to carry out an independent audit and report to the Department for Communities on the following:

- Provide an overview of land disposals and easements and related asset management policies and procedures within this Council.
- Conclude on the adherence to statutory and other requirements by the Council for land disposals and easements.
- Consider any issues where expected procedures and good practice have been breached.
- Make recommendations for improvement.

Independence of Audit Team

In accordance with NIAO procedures all members of the audit team will be required to make declarations as to their independence from Council. If, during the audit, circumstances arise where a member's independence has changed there is a requirement to make a further declaration. All declarations will be assessed by the Local Government Auditor to ensure the independence of the team. Our audit will include independent quality control mechanisms.

Scope of the extraordinary audit

The following is the scope of the extraordinary audit:

Basis for conducting audit

This audit will be conducted in accordance with International Standards on Auditing (UK) (ISAs) and the Code of Audit Practice.

Period of transactions covered

All land disposals and easements completed since the commencement of the new Council (1st April 2015) will fall within the scope of this audit. We have sought detail on the quantum of the transactions and this will be considered when devising our approach to this audit.

Evidence sources

It is likely the evidence we consider will primarily be from documentation held by the Council – however we will consider evidence brought from other sources. As this audit will be carried in accordance with ISAs the key attributes of audit evidence (ISA 500) are required to be met, these are:

- Relevance – this deals with the aim of the testing being performed.
- Reliability –the reliability of the information being used is influenced by its source, nature and the circumstances under which it has been obtained.

It is also important that where evidence is considered it is able to be corroborated. Anecdotal or hearsay evidence is not sufficient unless it can be corroborated by another reliable source of evidence.

Audit Approach

Our audit approach will be a risk based approach. At this initial stage the following risks have been identified:

Risk	Audit testing
1. Auditors are not provided with full details of all land disposals and easements.	We will use a range of audit techniques to establish the land disposals and easements transacted by Council for the period under review. This will include a wider call for evidence.
2. Land disposals and easements were	We will examine the disposals and

transacted without reference to required statutory and other requirements.	easements (the quantum of this to be decided) to consider if statutory and other requirements were adhered to.
3. No policies and procedures are in place for the transacting of land disposals and easements.	We will review existing policies and procedures in place when transactions were made and consider the appropriateness of these.
4. Council has failed to put in place proper controls to protect against fraud in the transacting of land disposals and easements.	We will examine existing fraud controls Council has in place specifically relating to land disposals and easements.
5. Incomplete records / documentation exists regarding the procedures followed in the transacting of land disposals and easements.	Our testing will seek all documentation available and conclude on audit trail.
6. Insufficient oversight by elected members.	The role of elected members in the process of land disposals and easements will be examined.

Timetable

The timetable for the delivery of the extraordinary audit will be determined on the basis of the following:

- Agreement of the terms of reference with Department for Communities.
- The quantum of transactions involved.
- Access to the documentation – it is expected the quantum of documentation relating to each transaction will be large and as this is a specialised audit we propose that access to the documentation on site is highly advisable. This may cause timescale issues in the current circumstances.
- Access to and co-operation from relevant officers and members as required.
- Any matters arising during the audit which require additional further audit procedures/advice.

Audit Team

The audit team will be selected based on audit experience and in particular council audits. The team will include some members who are familiar with Causeway Coast and Glens Borough Council. We will consider any specialist expertise as required.

Audit Costs

The costs of this extraordinary audit will be met by the Council in accordance with the legislation. These costs will be estimated when the detailed audit plan is developed.

Reporting

It is anticipated the audit will be summarised as a report to the Department for Communities which will include a conclusion on the independent extraordinary audit which has been completed on land disposals and easements and related asset management policies and procedures.