

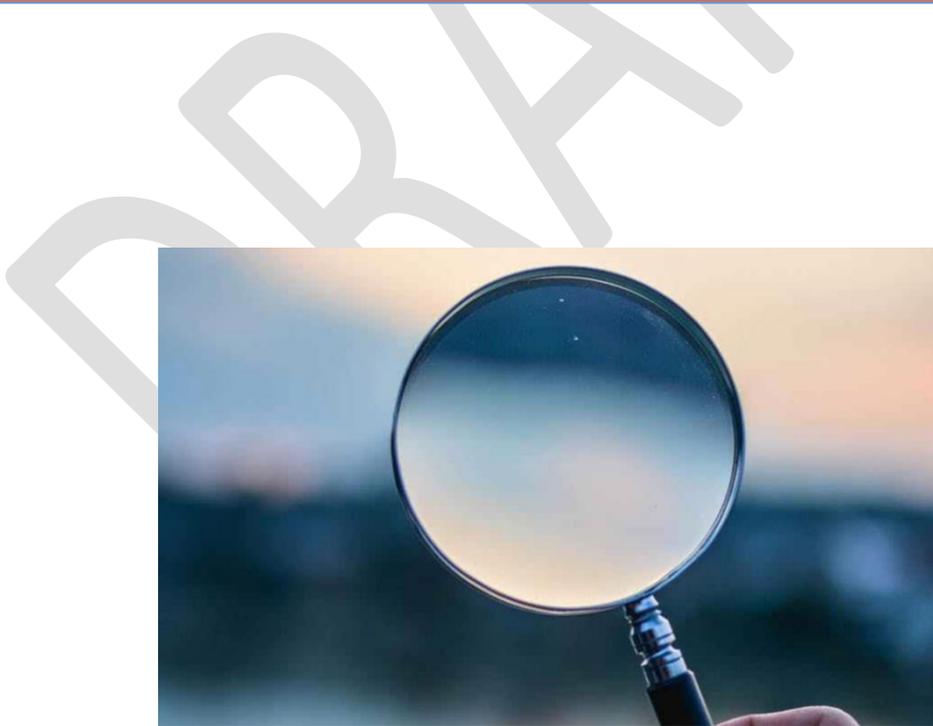


Northern Ireland Audit Office

Draft Report to those charged with Governance

Causeway Coast and Glens Borough Council

2021-22



16 September 2022

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We have prepared this report for Causeway Coast and Glens Borough Council's sole use. You must not disclose it to any third party, quote or refer to it, without our written consent and we assume no responsibility to any other person.

1. KEY MESSAGES

This report summarises the key matters from our audit of the 2021-22 Causeway Coast and Glens Borough Council financial statements which we must report to the Audit Committee, as those charged with governance. We would like to thank the Director of Finance and his staff for their assistance during the audit process.

Proposed Audit Opinion

It is proposed that the Local Government Auditor (LGA) will report on the 2021-22 financial statements with an unqualified audit opinion, without modification.

Proposed Audit Certificate

It is also proposed that the Local Government Auditor will certify completion of the audit of accounts of the Council in accordance with the requirements of the Local Government (Northern Ireland) Order 2005 and the Local Government Code of Audit Practice. The audit certificate closes the audit and marks the point when the Local Government Auditor's statutory responsibilities in respect of the audit of the accounts for the period covered by the certificate have been discharged.

The Audit Certificate is included at [Appendix Two](#).

Misstatements

Financial Statement Adjustments

The net effect of adjustments on the Comprehensive Income and Expenditure Statement and Balance Sheet was £1,069k.

Uncorrected misstatements

There are no uncorrected misstatements.

Audit Findings

During the audit we reviewed internal controls; accounting systems; and procedures to the extent considered necessary for the effective performance of the audit. We identified 2 priority one recommendations in relation to the internal control environment.

Full details of findings are included at [Findings from the Audit](#).

Proper Arrangements

Under the Local Government (Northern Ireland) Order 2005, the Local Government Auditor should be satisfied that a Council has in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. A questionnaire was issued and completed by the Council. We have reviewed the responses and the supporting documentation. A number of issues were noted and they are set out in the audit findings at Section 4.

Status of the Audit

The audit is largely complete. Following completion of final audit procedures, the Chief Financial Officer will sign the Statement of Accounts together with a letter of representation, the proposed wording of which is included at [Appendix One](#).

The total audit fee charged is in line with that set out in our Audit Strategy.

Independence

We consider that we comply with the Financial Reporting Council (FRC) Ethical Standard and that, in our professional judgment, we are independent and our objectivity is not compromised.

Management of information and personal data

Causeway Coast and Glens Borough Council is required to comply with the UK General Data Protection Regulations (UK GDPR) in the handling and storage of personal data. 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 to this effect has been sought within the letter of representation included at [Appendix One](#).

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 UK General Data Protection Regulation (UK GDPR) and Data Protection Act 2018.

Performance Improvement

The outcome from our work in respect of Part 12 of the Local Government Act (Northern Ireland) 2014 on Performance Improvement will be reported separately to those charged with governance, as set out in the timetable in the 2021-22 Audit Strategy.

Looking ahead

In response to significant changes in International Standards on Auditing (ISAs), the way in which we plan and conduct our audits is changing for our 2022-23 audit cycle. This will involve the performance of more detailed and extensive risk assessment procedures to identify financial reporting risks of material misstatement, and the subsequent design of audit approaches which are responsive to each assessed risk. We will write to Causeway Coast and Glens Borough Council's Chief Executive this autumn to outline these changes and potential implications for our audit of the 2022-23 financial statements.

Actions for the Audit Committee

The Audit Committee should:

- Review the findings set out in this report, including the draft letter of representation and audit certificate at Appendices One and Two respectively.

2. AUDIT SCOPE

We have completed our audit of the 2021-22 financial statements in accordance with International Standards on Auditing (UK) (ISAs) issued by the Financial Reporting Council; with Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'; and with the Audit Strategy presented to the Audit Committee in March 2022.

There are no new matters to communicate concerning the planned scope and timing of the audit.

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3. SIGNIFICANT RISKS

The significant risks identified in our Audit Strategy have been addressed as follows:

Significant Risk 1

Management Override of Controls

Under ISA (UK) 240, there is a presumed significant risk of material misstatement due to fraud through management override of controls

Audit Response

As required by ISA (UK) 240, we:

- tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;
- reviewed accounting estimates for biases and evaluate whether the circumstances producing the bias, if any, represent a risk of material misstatement due to fraud; and
- considered significant transactions that are outside the normal course of business for the entity, or that otherwise appear to be unusual.

Outcome

No issues were noted in respect of management override of controls.

No additional significant risks were identified during our audit fieldwork.

4. FINDINGS FROM THE AUDIT

Financial Reporting

As part of our audit, we evaluate the qualitative aspects of accounting practices and financial reporting. In this section we draw to your attention any significant changes or issues in respect of accounting policies; accounting estimates; and financial statement disclosures.

Causeway Coast and Glens Borough Council has processes in place for the production of the accounts and continue to produce adequate supporting working papers. Officers dealt with audit queries, prioritising them, and the audit process has been completed within the planned timescales.

Accounting Policies

Accounting policies adopted by the Council have not changed or altered since the prior year financial statements. Our substantive testing has provided us with sufficient assurance over the accuracy of the estimates adopted.

Accounting Estimates

We examined the appropriateness of accounting estimates and judgements and are content with the consistency of assumptions and the degree of prudence reflected in the recorded amounts.

Financial Statement Disclosures

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

Going Concern

No events or conditions were identified from our audit work that cast significant doubt about Causeway Coast and Glens Borough Council's ability to continue to adopt the going concern basis of accounting.

We note the impact of increased energy and other costs will affect Council activities. It is therefore essential that detailed financial projections and the careful monitoring of spend is given priority.

Narrative Report

The Narrative Report was considered to be consistent with our understanding of the business, and was in line with the other information provided in the financial statements.

Remuneration Report

We suggested a number of changes in relation to disclosures within the Remuneration Report to ensure that the parts of the Remuneration Report to be audited were properly prepared in

accordance with Department for Communities (DfC) directions issued under the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015.

Governance Statement

Our review of the Governance Statement confirmed that it complies with the Code of Practice and the Department for Communities' Accounts Direction. We provided management with a number of observations and suggested changes to improve the narrative and completeness of disclosures within the Governance Statement.

Legality, Propriety and Losses

We found no issues in relation to illegality, impropriety or losses during our audit.

Internal Control

No material weaknesses in the design and implementation of the Council's internal control systems have come to our attention during the audit. However, certain internal control weaknesses were identified during audit testing and have been detailed below.

Related Parties

No significant matters were arising during the audit in connection with Causeway Coast and Glens Borough Council's related parties.

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Audit Recommendations

This section outline the findings arising from our audit, as well as management’s response and target date for implementation. Our findings 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.

Finding 1 Procurement

During the testing of expenditure and number of issues were identified in relation to procurement:

- Council obtained only one quotation for festival lighting repairs. However, a Direct Award Contract had not been prepared for this expenditure.
- Council was unable to issue a contract following a tendering exercise for quarry products and has purchased them from another supplier. However, Direct Award Contracts were not prepared for subsequent purchases of these products.
- During 2021-22 Council continued to use a contract for waste recycling which had expired on 30th September 2020. A new contract was not awarded until 27th May 2022.
- Council also continued to use a contract for waste management which expired on November 2021. A new contract had not been award at the time of the audit.
- In prior years’ audits we raised the absence of a contract the hire of vehicles for refuse collection. We noted that a contract was still not in place during the 2021-22 year. Council advised that they are currently tendering for this service.

Priority Rating

1

Recommendation

Council should ensure that tendering is undertaken or quotations are obtained in accordance with Council’s procurement policy.

Council should ensure that where tendering has not been undertaken or the required number of quotations obtained, a Direct Award Contract is prepared, appropriately authorised and retained.

Council should ensure that valid contracts are in place with all suppliers.

Management Response (including target date)

[text]

Finding 2 Leases

In prior years' audits we noted issues in relation to expired leases and rent reviews.

Our review of leases as part of the 2021-22 audit identified that there were nine leases marked as under review by Council. Of these:

- three leases expired on 01/04/2021;
- one lease expired on 02/10/18;
- one lease expired on 31/08/21; and
- one lease expired 31/10/21.

In addition, two leases expired on 01/04/2019 but appear to still be in use by the lessee. These leases were not under review by Council at the time of the audit.

Priority Rating

1

Recommendation

Council should ensure all lease renewals and any rent reviews are dealt with as soon as they are due.

Management Response (including target date)

[text]

Finding 3 Proper Arrangements

Our review of the Proper Arrangements questionnaire completed by the Council identified the following issues:

- Business Continuity Plan – the draft plan has been in place since November 2020, however this plan does not appear to have been approved by the Council.
- Asset management strategy – while the Council has an asset management strategy for land and buildings, it does not have one for other assets.

Priority Rating

2

Recommendation

Council should ensure that policies drafted are approved on a timely basis.

An asset management strategy for all Council assets should be developed and approved as soon as possible.

Management Response (including target date)

[text]

Finding 4 Income Controls

We reviewed income controls at the following Council sites:

- Benone Caravan park;
- Carrick Dhu Caravan Park;
- Juniper Hill Caravan Park;
- Coleraine Marina;
- Portrush harbour; and
- Trade Waste

A number of common issues were identified at each site. These included:

- Cash boxes located in filing cabinets, cupboards or offices which are accessible to the public;
- Cash reconciliations not being signed off;
- Cash lodgements are not completed on a regular basis; and
- Some machines at caravan sites only being emptied once full.

Priority Rating

2

Recommendation

The Council should review the income procedures at all of their locations and ensure that a consistent and appropriate approach is enforced.

Management Response (including target date)

[text]

A review of management's implementation of priority one recommendations made in our prior year Report to those charged with Governance is set out at [Appendix Three](#).

Proper Arrangements

A number of observations and recommendations were made as a result of our work on Proper Arrangements. For further details please refer to Finding 3 in the table above.

5. MISSTATEMENTS

Adjusted misstatements

During the audit process we identified the following misstatements above our clearly trivial threshold of £11,376. These misstatements have been adjusted and the net effect on the Comprehensive Income and Expenditure Statement and Balance Sheet was £1,069k.

Area	Issue	CIES		Balance Sheet	
		Debit £'000	Credit £'000	Debit £'000	Credit £'000
Capital Grants Release Capital Grants Received	Capital funding received for asset not yet completed	32			32
Capital Grants Release Capital Grants Received	Capital funding for assets completed		764	764	
Programme Management Costs Government Revenue Grant	Digital connectivity allocation of costs	76	76		
Reverse loss on disposal Profit on disposal Surplus asset disposal	Missposting iro Dungiven Sports Pavilion		126 229	355	
Revaluation reserve CIES	Overcharge of Historic Depreciation on Buildings		40	40	
Expenditure Creditors	Understated creditor	13			13
Expenditure Creditors	Underaccrual of Extra ordinary audit fee	45			45
TOTAL		166	1,235	1,159	90
NET EFFECT			1,069	1,069	

Uncorrected misstatements

No uncorrected misstatements have been noted during our audit.

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APPENDIX ONE

LETTER OF REPRESENTATION

[Client Letterhead]

The Local Government Auditor
Northern Ireland Audit Office
106 University Street
BELFAST
BT7 1EU

LETTER OF REPRESENTATION: CAUSEWAY COAST AND GLENS BOROUGH COUNCIL 31ST MARCH 2022

As Chief Financial Officer of Causeway Coast and Glens Borough Council I have fulfilled my responsibility for preparing accounts that give a true and fair view of the state of affairs, total income and expenditure, cash flows, and movements in reserves; and the related notes of the Causeway Coast and Glens Borough Council for the year ended 31st March 2022.

In preparing the accounts, I was required to:

- observe the accounts direction issued by the Department for Communities (DfC), including the relevant accounting and disclosure requirements and apply appropriate accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed and disclosed and explain any material departures in the accounts; and
- make an assessment that Causeway Coast and Glens Borough Council is a going concern and will continue to be in operation throughout the next year; and ensure that this has been appropriately disclosed in the financial statements.

I confirm that for the financial year ended 31st March 2022:

- having considered and enquired as to Causeway Coast and Glens Borough 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 the Council to conduct its business or on the results and Balance Sheet disclosed in the accounts;
- all accounting records have been provided to you for the purpose of your audit and all transactions undertaken by Causeway Coast and Glens Borough Council have been properly recorded and reflected 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

- the information provided regarding the identification of related parties is complete; and the related party disclosures in the financial statements are adequate.

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

INTERNAL CONTROL

I have fulfilled my responsibility as Chief Financial Officer 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 DoF guidance on the Governance Statement.

FRAUD

I have fulfilled my responsibility as Chief Financial Officer 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 Causeway Coast and Glens Borough 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 Causeway Coast and Glens Borough Council and free from any lien, encumbrance or charge, except as disclosed in the accounts. The Balance Sheet includes all tangible assets owned by the Council.

Non Current Assets

All assets capable of being used for a period exceeding one year are capitalised. Land and Property assets are revalued on a 5 year rolling basis with 20% of assets being subject to a physical valuation each year and ensuring that the remaining 80% does not differ materially by providing up to date revaluations at intervals of no more than 5 years. 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 the Council's operations.

Investment properties are capitalised and re-valued annually according to market conditions and are not depreciated. Gains and losses are recognised in the Comprehensive Income and Expenditure Statement

Other Current Assets

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

All litigation and claims have been disclosed to you and correctly accounted for.

Provisions

Provision is made in the financial statements for:

- Landfill provision of £13.3 million

I am content that the landfill provision of £13.3 million is a reliable estimate, based on current information of the estimated capping and closure costs for the three landfill sites.

Crosstagherty

As regards Crosstagherty there are no major pollution concerns. I consider the period of 30 years for which the provision has been made for aftercare to be appropriate and represents management's best estimate.

Drumaduff

Whilst there is a lagoon with leachate at Drumaduff, due to the existence of a natural weed-bed there are currently no major pollution concerns. Further negotiations are on-going in respect of obtaining ownership of this site and we are content that the estimated cost of back rent due of £265,400 is reasonable. I consider the period of 30 years for which the provision has been made for aftercare to be appropriate and represents management's best estimate. I consider that the costs of vesting of the land on which the landfill is sited will not be material.

Craigahulliar

I consider the period of 60 years for which the provision has been made for aftercare to be appropriate and represents management's best estimate.

Contingent Liabilities

There are a number of legal claims or potential claims against the Council the outcome of which cannot at present be estimated with certainty. Full provision is made in the financial statements for all liabilities which are expected to materialise.

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

OTHER LIABILITIES

The net pension liability at the year-end was £39.3 million.

Having made appropriate enquiries, I am satisfied with the appropriateness of the actuarial assumptions underlying the valuation of the Council's share of the valuation of the pension scheme liabilities.

Furthermore, I confirm that:

- All significant retirement benefits, including any arrangements that are implicit in the employer's actions, have been identified and properly accounted for; and
- All settlements and curtailments have been identified and properly accounted for.

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 Causeway Coast and Glens Borough Council, or circumstances of an exceptional or non-recurring nature.

Uncorrected Misstatements

No uncorrected misstatements have been brought to my attention.

Events after the Reporting Period

Except as disclosed in the accounts, there have been no material changes since the reporting period 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.

Accounting Estimates

The methods, significant assumptions and the data used in making the accounting estimates and the related disclosures are appropriate to achieve recognition, measurement or disclosure that is in accordance with the financial reporting framework.

Management of Personal Data

Except as disclosed in the Governance Statement, there have been no personal data related incidents in 2021-22 which are required to be reported.

David Jackson
Chief Executive
Causeway Coast and Glens Borough Council

September 2022

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

Opinion on financial statements

I have audited the financial statements of Causeway Coast and Glens Borough Council for the year ended 31 March 2022 under the Local Government (Northern Ireland) Order 2005. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet, Cash Flow Statement and the related notes including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting on the United Kingdom supported by UK adopted international accounting standards.

I have also audited the information in the Remuneration Report that is described in that report as having been audited.

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 2021-22, of the financial position of Causeway Coast and Glens Borough Council as at 31 March 2022 and its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 and the Department for Communities' directions issued thereunder.

Basis for opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of this certificate. My staff and I are independent of Causeway Coast and Glens Borough Council in accordance with the ethical requirements of the Financial Reporting Council's Ethical Standard, and have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that Causeway Coast and Glens Borough Council's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on Causeway Coast and Glens Borough Council's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

The going concern basis of accounting for Causeway Coast and Glens Borough Council is adopted in consideration of the requirements set out in the Code of Practice on Local Authority Accounting, which require entities to adopt the going concern basis of accounting in the

preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

My responsibilities and the responsibilities of the Chief Financial Officer with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the Statement of Accounts other than the financial statements, the parts of the Remuneration Report described in that report as having been audited, and my audit certificate and report. The Chief Financial Officer is responsible for the other information included in the Statement of Accounts. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion, based on the work undertaken in the course of the audit:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Department for Communities' directions made under the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015; and
- the information given in the Statement of Accounts for the financial year ended 31 March 2022 is consistent with the financial statements.

Matters on which I report by exception

In the light of the knowledge and understanding of Causeway Coast and Glens Borough Council and its environment obtained in the course of the audit, I have not identified material misstatements in the Statement of Accounts.

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 2021-22;
 - does not comply with proper practices specified by the Department for Communities;
 - 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 and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit, or
- I issue a report in the public interest under Article 9 of the Local Government (Northern Ireland) Order 2005; or
- I designate under Article 12 of the Local Government (Northern Ireland) Order 2005 any recommendation made to the Council; or
- I exercise the other special powers of the auditor under Article 19 to 21 of the Local Government (Northern Ireland) Order 2005.

Responsibilities of the Chief Financial Officer for the financial statements

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 in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- such internal controls as the Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- assessing Causeway Coast and Glens Borough Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Chief Financial Officer anticipates that the services provided by Causeway Coast and Glens Borough Council will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

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.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included:

- obtaining an understanding of the legal and regulatory framework applicable to Causeway Coast and Glens Borough Council through discussion with management and application of extensive public sector accountability knowledge. The key laws and regulations I considered included the Local Government (Northern Ireland) Order 2005;
- making enquires of management and those charged with governance on Causeway Coast and Glens Borough Council's compliance with laws and regulations;

- making enquiries of internal audit, management and those charged with governance as to susceptibility to irregularity and fraud, their assessment of the risk of material misstatement due to fraud and irregularity, and their knowledge of actual, suspected and alleged fraud and irregularity;
- completing risk assessment procedures to assess the susceptibility of Causeway Coast and Glens Borough Council's financial statements to material misstatement, including how fraud might occur. This included, but was not limited to, an engagement director led engagement team discussion on fraud to identify particular areas, transaction streams and business practices that may be susceptible to material misstatement due to fraud. As part of this discussion, I identified potential for fraud in the posting of unusual journals;
- engagement director oversight to ensure the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with the applicable legal and regulatory framework throughout the audit;
- documenting and evaluating the design and implementation of internal controls in place to mitigate risk of material misstatement due to fraud and non-compliance with laws and regulations;
- designing audit procedures to address specific laws and regulations which the engagement team considered to have a direct material effect on the financial statements in terms of misstatement and irregularity, including fraud. These audit procedures included, but were not limited to, reading Council and committee minutes, and agreeing financial statement disclosures to underlying supporting documentation and approvals as appropriate, and
- addressing the risk of fraud as a result of management override of controls by:
 - performing analytical procedures to identify unusual or unexpected relationships or movements;
 - testing journal entries to identify potential anomalies, and inappropriate or unauthorised adjustments;
 - assessing whether judgements and other assumptions made in determining accounting estimates were indicative of potential bias; and
 - investigating significant or unusual transactions made outside of the normal course of business.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

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 of the Local Government Auditor and Local Government Bodies.

Certificate

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

On 30 November 2020, in line with Article 22 of the Local Government (Northern Ireland) Order 2005, the Minister for Communities directed me to undertake 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 published my report on 7 July 2022, making eight recommendations to address the issues identified during the audit.

Colette Kane
Local Government Auditor
Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU

September 2023

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APPENDIX THREE

IMPLEMENTATION OF PRIOR YEAR PRIORITY ONE RECOMMENDATIONS

Recommendation 1 Proper Arrangements

Council should undertake periodic review of the contracts register to identify any contracts that are due to expire and ensure that sufficient time is left before the end of contracts to allow for tendering of new contracts.

Council should ensure that the contracts register is kept up-to-date and includes all contracts, regardless of the method of procurement.

Council should ensure that appropriately qualified staff are in post at all times to deal with procurement.

Council should ensure that work on the rolling 3-5 year financial plan is completed as soon as possible.

Council should ensure that NIAO and the Department for Communities are notified of all suspected/alleged frauds as soon as these are detected.

Status

Council has undertaken the actions they advised they would in response to the above recommendations. Our review of Proper Arrangements in support of the 2021-22 audit identified some further issues – see Finding 3 in Section 4.

Recommendation 2 Procurement

Council should ensure that tendering is undertaken or quotations are obtained in accordance with Council's procurement policy.

Council should ensure that where tendering has not been undertaken or quotations obtained, a Direct Award Contract is completed, appropriately authorised and retained.

Council should ensure that contracts are in place with all suppliers.

Regardless of how the tender evaluation meeting takes place, individual panel member evaluations and declarations of interest should be completed and retained in order to ensure compliance with best practice and demonstrate that there are no conflicts of interest.

Status

Our 2021-22 audit identified some issues in relation to Council's procurement - see Finding 1 in Section 4.

Recommendation 3 Land Registration & Council Title

Council should continue with the process of first registration to ensure that all land and property owned is registered with LPS as soon as possible.

Council should ensure that it secures title for all land and property included in the Fixed Assets Register and Balance Sheet as a matter of urgency.

Status

During our audit we noted that approximately 29 percent of the Council's land and buildings had not been registered with Land and Property Services as at 31 March 2022. This was down from 47 percent as at 31 March 2021.

Significant work has been undertaken on first registrations since we first raised this issue in the 2017-18 RTTCWG when 80 per cent of the Council's land and buildings was not registered.

We also noted that Council has continued in its efforts to secure title to all land and property included in the Fixed Asset Register and Balance Sheet, with 94.52% of title confirmed at September 2022. Of the 5.54% with unconfirmed title, 4.11% relates to the Transfer of Car Parks from the Department of Infrastructure.

We would encourage Council to continue with the process of first registration to ensure that all land and property owned is registered with LPS. They should also continue to secure title for all land and property included in the Fixed Asset Register and Balance Sheet.

Recommendation 4 Agency Costs

Whilst noting that the use of agency staff may be required for periods of sick or maternity leave and seasonal posts, Council should ensure that populating the organisation structure is completed as soon as possible and that any vacancies are filled, thereby reducing the use of agency staff.

Status

We noted that Agency costs increased by £1.7m in 2021-22 to £7.8m. This represents 34% of the total employee costs. However, we note that progress has been made, and continues to be made in relation to Population of the Organisation Structure, harmonisation of terms and conditions, and Managing the Use of Agency Staff.

At the May 2022 Council meeting, Members agreed to quarterly updates regarding Population of the Organisation Structure going forward. Council advised that staff have been, and continue to be, assimilated into posts and that the process is to fill vacant posts has commenced.

Recommendation 5

Leases

Council should ensure all rent reviews and lease renewals are dealt with as soon as they are due.

Status

Issues in relation to leases were identified during the 2021-22 audit - see Finding 2 in Section 4.

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