

AUDIT COMMITTEE MEETING THURSDAY 14 NOVEMBER 2019

| No | Item | Summary of key Recommendations |
|-----------|---|--|
| 3. | Internal Audit Report Review of Land Disposal and Easement | Chair and Independent Member contact the Northern Ireland Audit Office for advice on appointment of an Independent Audit Team; the Audit Committee reconvene in one week; |
| 4. | Correspondence | Noted |

**RECONVENED AUDIT COMMITTEE MEETING
THURSDAY 21 NOVEMBER 2019**

| No | Item | Summary of key Recommendations |
|-----------|---|--|
| 3. | Internal Audit Report Review of Land Disposal and Easement | Defer to Special Council meeting Review Audit Committee Terms of Reference |

**MINUTES OF THE PROCEEDINGS OF THE MEETING OF
THE AUDIT COMMITTEE
HELD IN COUNCIL CHAMBER, CIVIC HEADQUARTERS ON
THURSDAY 14 NOVEMBER 2019 AT 7.00 PM**

In the Chair: Councillor McAuley

Members Present: Alderman McCandless and Robinson
Councillors Anderson, Beattie, Holmes, MA
McKillop, P McShane, Mulholland, Peacock,
Quigley, Scott, Wallace and Watton

Independent Member Present: G Ireland

Officers Present: A McPeake, Director of Environmental Services
S Duggan, Civic Support & Committee & Member Services Officer

In Attendance: C McHugh, Senior Internal Auditor, Moore (NI)
Dr R Peters-Gallagher, Moore (NI)

SUBSTITUTIONS

Councillor Holmes substituted for Alderman McKeown; Councillor MA
McKillop substituted for Councillor Beattie.

1. APOLOGIES

Apologies were recorded for Alderman McKeown; Councillors
McMullan, Nicholl and C Kane (NIAO).

2. DECLARATIONS OF INTEREST

There were no declarations of Interest.

MOTION TO PROCEED ‘IN COMMITTEE’

Proposed by Councillor Anderson
Seconded by Councillor Scott and

AGREED – to recommend that Council move ‘*In Committee*’.

3. INTERNAL AUDIT REPORT REVIEW OF LAND DISPOSAL AND EASEMENT

The confidential Audit Investigation report, previously circulated was presented.

The Chair invited comments on the content of the report from Committee.

During consideration, Senior Internal Auditor Moore NI agreed to respond on the number of days undertaken to complete and the cost of the report.

Councillor Quigley referred to shortcomings with the initial Terms of Reference and a lack of significant detail within the report.

In response, Senior Internal Auditor Moore NI drew members' attention to the Terms of Reference and the significant weaknesses in processes and procedures in relation to the administration of land and property at the time, identified within the report.

*** G Ireland arrived at the meeting at 7.20PM.**

The Director of Environmental Services updated Committee on Policies and Processes to be implemented and advised of draft Land and Property Policies and Strategies currently out for consultation with Officers and Members. He also advised of a forthcoming Elected Member workshop to further discuss the draft policies ie Estate Management Strategy and Land and Property Policy.

During discussion, it was proposed by Councillor Quigley, seconded by Councillor Anderson, to recommend that under Standing Orders, Committee form a sub-committee of 8 Members, representing all Parties from the Audit Committee, to look at all aspects of the Internal Audit report, draw up Terms of Reference to widen its scope, and to provide external and independent support for all aspects of a further Investigation.

At this stage **it was;**

Proposed by Councillor Holmes
Seconded by Councillor Quigley and

AGREED – that a recess is held.

*** Recess 8.40PM.**

*** The meeting reconvened at 9PM.**

An amendment to the motion was proposed by Councillor Holmes, seconded by Councillor Scott, to recommend that, given the limited scope of the initial investigation, the full Audit Committee meet with newly appointed Auditors, draw up Terms of Reference for a new forensic examination of the issues.

Councillor Quigley amended her motion, with the agreement of her seconder, Councillor Anderson.

Proposed by Councillor Quigley
Seconded by Councillor Anderson

- to recommend that Committee form a sub-committee, of all Audit Committee Members, including the Independent Audit Committee Member, G Ireland, to look closely at the report and Terms of Reference to widen its scope; that Committee draw on professional, external, independent advice considering all aspects.

The Director of Environmental Services advised a report could be brought back on the options that members had proposed and explore how these could be progressed.

Senior Internal Auditor, Moore NI, advised that the report carried out by Moore NI had been presented to Committee for Committee to make recommendation to Council on whether to accept or reject the report and its recommendations. It did not prevent Committee recommending that another investigation should be carried out but she advised that the recommendations in the Moore NI report should not be further deferred.

Members disagreed with this suggestion regarding the Moore NI report noting that they would wish to see completion of a further investigation and therefore wished to defer consideration of the Moore NI report until such time as a further investigation had been completed.

Committee explored the means of obtaining external Audit advice.

* **Councillor Watton left the meeting at 9.20PM.**

Councillor Holmes expanded his amendment, with the agreement of his seconder.

Amendment

Proposed by Councillor Holmes
Seconded by Councillor Scott

- to recommend the Audit Committee Chair and Independent Audit Committee Member, G Ireland, contact the Northern Ireland Audit Office, for advice on the appointment of an Independent Audit Team;

that Committee reconvene the meeting in one week, pending receipt of the information required.

The Chair put the Amendment to the Committee to vote.

5 Members voted For; 0 Members voted Against; 6 Members Abstained.

The Chair declared the Amendment carried.

4. CORRESPONDENCE

The Chair presented the correspondence from Moore (NI), dated 8 October 2019 regarding the Audit Committee held 18 September 2019.

Committee noted the correspondence.

MOTION TO PROCEED '*IN PUBLIC*'

Proposed by Councillor Anderson
Seconded by Councillor Scott and

AGREED – to recommend that Council move '*In Public*'.

The Chair advised the meeting would reconvene on Thursday 21 November at 8PM, the meeting closed at 9.30PM.

**MINUTES OF THE PROCEEDINGS OF THE RECONVENED MEETING OF
THE AUDIT COMMITTEE
HELD IN COUNCIL CHAMBER, CIVIC HEADQUARTERS ON
THURSDAY 21 NOVEMBER 2019 AT 8 PM**

In the Chair: Councillor Peacock

Members Present: Alderman McCandless and Robinson
Councillors Anderson, Beattie, Holmes,
Knight-McQuillan, McMullan, P McShane,
Mulholland, Peacock, Quigley, Schenning, Scott.

Independent Member Present: G Ireland

Officers Present: A McPeake, Director of Environmental Services
S Duggan, Civic Support & Committee & Member Services Officer

SUBSTITUTIONS

Councillor Holmes substituted for Alderman McKeown;
Councillor Knight-McQuillan substituted for Councillor McAuley.

1. APOLOGIES

Apologies were recorded for Councillor McAuley.

2. DECLARATIONS OF INTEREST

There were no declarations of Interest.

MOTION TO PROCEED 'IN COMMITTEE'

AGREED – to recommend that Council move '*In Committee*'.

3. INTERNAL AUDIT REPORT REVIEW OF LAND DISPOSAL AND EASEMENT

The confidential report, previously circulated and discussed at the previous meeting was re-presented.

The Chair invited G Ireland to update Committee on her contact with the NI Audit Office as requested by Committee at the previous meeting.

G Ireland advised, in conjunction with the Audit Committee Chair, she had spoken with a representative at the Northern Ireland Audit Office and had discussed the findings of the report. She advised that she had sought advice on the Committee's queries regarding the carrying out of a further investigation with a widened Terms of Reference. The Independent Member advised that, the Northern Ireland Audit Office had advised caution with regard to a further investigation given the high cost of any process to further investigate, and the need to build bridges between Elected Members and Officers. She provided Members with an estimate of the cost of a further investigation in the region of £50,000. She advised that this figure would be subject to who carried out the investigation and the findings.

G Ireland referred Committee to two documents, should Committee wish to progress, based on evidence. Firstly, the Audit Committee Terms of Reference provide for requests for an investigation to be carried out. Secondly, she referred to Councils Anti-Fraud, Bribery and Corruption Policy. G Ireland drew Members' attention to Section 2 of the Policy which dealt with definition of fraud. She further advised that under this Policy, Investigations could be carried out by an Internal Auditor. She suggested that in this instance, the Investigation could be carried out by an Officer and a Member.

G Ireland provided details to Committee on how a process could be taken forward in two parts:

Part 1

Has anything untoward happened? Has fraud taken place? Is there strong evidence? Are officers guilty of misconduct? An investigation would establish if any of these were the case, based on the evidence.

Part 2

If an investigation established that something untoward had happened, fraud had taken place, or there was evidence of misconduct, then another process would follow in terms of Human Resources, ie policies and procedures in relation to Terms and Conditions of Employment, or reporting matters to the Police.

G Ireland also advised that the evidence could also lead to a conclusion that there was bad management.

G Ireland stated, if Council decided not to proceed with an investigation, a caveat should be placed, in the instance of a whistle-blower or further information being received, an issue may be re-opened.

Councillor P McShane stated he would like to look closely at whether Council could afford not to undertake an investigation. He outlined a legal process whereby Council could, potentially recoup lost funds, through the Royal Institute of Chartered Surveyors (RICS). Councillor P McShane stated he would like to see a further investigation carried out to establish if there was substantial evidence in any of the matters outlined at Part 1. He stated that if there was no evidence, then the matter could be parked and all involved could move on with agreed policies and procedures adopted. If however, an investigation established that there was substantial evidence, then it was incumbent upon Council to move to Part 2 to protect the public purse.

It was proposed by Councillor P McShane, seconded by Councillor Mulholland that following G Ireland's presentation, Council proceed with part one of the process, as outlined.

Alderman Robinson sought clarification on the costs of the first part of the process which may cost Council £50,000. G Ireland advised it was an approximate figure, which may be less, given the scope.

Alderman Robinson considered, in light of the above information, a decision to move to part one of the process should be taken by Council.

* **Councillor Knight-McQuillan joined the meeting during debate.**

Councillor Holmes stated the Moore NI report presented a breadth of weaknesses, he saw no allegation of fraud, he sought an explanation of where the serious allegation of fraud existed.

G Ireland advised on the scope of the Audit Investigation undertaken, highlighted that it was undertaken by Council's Internal Auditors, and Terms of Reference drawn up, in conjunction with Council Officers, and there was no Elected Member input.

Councillor P McShane referred to the files that had been made available for inspection and the large volume of material these contained. He outlined a number of concerns in relation to the contents of the files and to the scope of the Investigation.

Councillor Beattie expressed concerns regarding variations in valuations which created an element of doubt that she considered was not good for Officers and members, and that a line needed to be drawn under the matter, regardless of the outcome.

Councillor Quigley expressed major concerns regarding variations in valuations, process and procedures, the Audit Investigation and its scope, and that the Terms of Reference of the initial investigation did not provide for findings of fraud. She stated that she believed there was evidence to move to Part 1 and carry out a further investigation.

An amendment was proposed by Councillor Holmes, seconded by Alderman McCandless, that consideration is deferred to Council.

Councillor Mulholland stated it was the purpose of the Audit Committee to make a decision and recommendation to Council.

Alderman McCandless stated £50,000 may be the tip of the iceberg, that all Councillors should make a decision.

Councillor P McShane voiced concern with the detail which may need to be re-presented, that a recommendation should come from the Audit Committee.

The Chair queried whether G Ireland would be available to attend a meeting of Council.

G Ireland advised the Northern Ireland Audit Office representative had suggested the Audit Committee make a decision and take it to Council for approval. G Ireland advised she was content to attend the Council meeting.

Councillor Quigley stated her frustration, Committee was averse to making a recommendation, and wanted it noted that she believed there was corruption in Council. She provided a timeline of events and advised that she believed the evidence was there.

Councillor Knight-McQuillan supported Councillor Holmes' amendment, with the addition that G Ireland was invited to attend the Council meeting.

Councillor McMullan considered the role of the Audit Committee was being lost, that the issue may go to a Special Council meeting.

Councillor Holmes stated he was content to invite G Ireland to the Council Meeting, the gravity was required to be discussed at Council, he considered that it was not fraud having not followed Guidelines.

Councillor Scott stated that in requesting £50,000 from Council, Council would wish to know the detail, he stated he was content for Council to receive the detail, to strengthen an informed decision.

G Ireland clarified the anti-fraud definition for Members' information. She advised the figure of £50,000 may be less or more, that the role of the Audit Committee was to advise Council.

Councillor P McShane, withdrew his proposal.

Proposed by Councillor Schenning
Seconded by Councillor Quigley

- to recommend that consideration is deferred to a Special Council Meeting; that Standing Orders are waived to allow the Independent Member to address Council and G Ireland invited to attend.

Councillor Holmes withdrew his amendment.

The Chair put the motion by Councillor Schenning seconded by Councillor Quigley to the Committee to vote.

Committee voted unanimously in favour. 0 Members voted Against.

The Chair declared the motion carried.

* **Councillor Quigley left the meeting at 9PM.**

Councillor McMullan stated the role of the Audit Committee was required to be looked at. G Ireland concurred, in the absence of an Internal Auditor and the requirement for support.

Proposed by Councillor McMullan
Seconded by Councillor P McShane

- to recommend that Council review the Audit Committee Terms of reference.

The Chair put the motion to the Committee to vote.

6 Members voted For; 0 members voted Against; 0 members Abstained.

The Chair declared the motion carried.

MOTION TO PROCEED '*IN PUBLIC*'

Proposed by Councillor Holmes
Seconded by Councillor Scott and

AGREED – to recommend that Council proceed '*In Public*'.

There being no other business, the Chair thanked members for their attendance and the business concluded at 9.04pm.

Chair