



Northern Ireland Audit Office

MEDIA RELEASE

Local Government Auditor's Report 2017

A report on the exercise of the Local Government Auditor's functions in the year to 31 March 2017

The Local Government Auditor, Louise Mason, today published her report on the exercise of her functions in the year to 31 March 2017. These functions cover the audit of 20 sets of 2015-16 local government body accounts (which include the 11 councils) as well as the audit and assessment of the councils' performance improvement responsibilities for 2016-17. The report comments on a range of topics arising from her audit work.

Key Findings

- During 2015-16 councils spent almost £860 million on services, employed over 9,900 full time equivalent staff and utilised assets worth more than £2,200 million.
- **Exit Packages** – Over the five financial years from 2011-12 to 2015-16 councils have paid a total of £32.1 million in staff exit packages. There were 208 departures in 2015-16 at a total cost of £16.8 million; an average cost of £80,750 for each exit package.
- **Efficiency Savings** – In 2009 the Department of the Environment (now Department for Communities)(the Department) published its "*Local Government Service Delivery – economic appraisal of options for local government service delivery in its entirety.*" The appraisal's highest forecast savings option predicted £439 million of net present cost savings over 25 years, after taking account of one off costs of £127m. Councils had a number of reservations with this model including the potential for this level of savings to be achieved. As Councils develop the Local Government Auditor recommends that the Department monitors and reports on efficiency savings gained.
- **Audit recommendations** – The Local Government Auditor made a number of recommendations to local government bodies. The report outlines some common themes in these recommendations. Many of the recommendations made in the councils are in respect of the realignment of procedures as councils merged in the new organisations.
- **Good Governance** – The report reinforces the continued need for good governance arrangements in local government. It uses a case study to draw attention to an issue disclosed in Mid and East Antrim Borough Council's Annual Audit Letter. The legacy Larne Borough Council made payments in respect of 'time off in lieu' (TOIL) in March 2015; one to the former Chief Executive of £15,317 and the other of £12,623 to a senior member of staff without proper consideration of all the facts prior to the Council's closure. The former Chief Executive told Louise Mason that she had been unaware of the specific conditions of TOIL in her contract and has offered in principle to repay the amount she received to Mid and East Antrim Borough Council.

THIS STATEMENT IS ISSUED ON THE STRICT UNDERSTANDING THAT IT IS NOT FOR PUBLICATION OR BROADCAST BEFORE 00.01 hrs ON Wednesday 5 July 2017

- **NI Public Services Ombudsman** – The NI Public Services Ombudsman has been responsible for investigating and adjudicating on written complaints that councillors have breached the Northern Ireland Local Government Code of Conduct for Councillors. There have been 81 complaints up to 31 March 2017. To date one councillor has been suspended for 3 months and another disqualified for 3 years. At present the Local Government circulars, “Consolidated Guidance on Councillors’ allowances” issued by the Department, have been silent as to whether councillors should still continue to be paid their allowances in the event of being suspended. This is being considered by the Department in consultation with councils and others.
- **Reporting Suspected and Actual Fraud** – From 1 April 2016, councils agreed to report any fraud proven or suspected to the Local Government Auditor. Two examples reported were:
 - fraudulent email requests for funding purportedly from the Chief Executive; and
 - approaches to councils seeking changes to supplier bank details.
- **Absenteeism** – The review of absence statistics revealed that as with last year, there was a slight increase in overall absenteeism to an average sickness rate of 13.93 days a year.
- **Performance Improvement** - All councils met the statutory performance improvement responsibilities required of them for 2016-17. As this was the first year in which councils were required to implement the statutory performance improvement framework, their arrangements to deliver their improvement objectives were at an early stage of development and implementation. This was to be expected at this stage of the overall process. Whilst each council had begun to establish arrangements to secure continuous improvement for 2016-17, it was too early for them to demonstrate, or for Louise Mason to determine, the extent to which improvements were being made for 2016-17.

Notes for Editors

1. The Department for Communities may, with the consent of the Comptroller and Auditor General for Northern Ireland designate a member of NIAO staff as the Local Government Auditor. The Local Government Auditor is also the Assistant Auditor General for financial audit undertaken by NIAO.
2. The Local Government Auditor’s report is available on the NIAO website at www.niauditoffice.gov.uk. The report is embargoed until 00.01 hrs on 5 July 2017.
3. Background briefing can be obtained from the NIAO by contacting Colette Kane (028 9025 1064) or Stephen Knox (028 9025 4322)