



Northern Ireland Audit Office

# ***MEDIA RELEASE***

## **Local Government Auditor's Report 2016**

**A report on the exercise of the Local Government Auditor's functions in the year to 31 March 2016**

**20 September 2016**

The Local Government Auditor, Louise Mason, today published her report on the exercise of her functions in the year to 31 March 2016. These functions cover the audit of the 2014-15 accounts (which included the financial audits of the previous 26 councils) and the improvement audits and assessments of the 11 new councils for 2015-16. The report comments on a range of topics arising from her audit work.

### **Main Findings**

- During 2014-15 councils spent almost £820 million on services, employed over 9,700 full time equivalent staff and utilised assets worth more than £2,000 million.
- **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 Castlereagh Borough Council's annual governance statement and annual audit letter relating to the Dundonald Icebowl complex, which resulted in a £1.5 million write off.
- **Conflicts of Interest** – One of the key recommendations arising from this report is the need for all councils to have a conflict of interest policy – at 31 March 2016 some councils did not have a policy in place. Such a policy ensures that board members and council staff are aware of their responsibility for identifying and managing the risk of a conflict of interest (real or perceived).

Councils' attention is drawn to the Northern Ireland Audit Office guide on Conflict Of Interest published in March 2015.

- **Theft and Fraud** – The report highlights an attempt to defraud Derry City Council of a significant sum of money by amendment of a supplier's bank details, through false representation. The Council subsequently recovered this money and has since strengthened the internal controls in place to mitigate against this risk.

Louise Mason points out that since the risk of fraud increases during times of organisational change, the new enlarged councils must continue to ensure that policies, procedures and associated key controls for preventing and detecting fraud are both robust and operating effectively. She further recommends that the Department for Communities should consider the current structures in place to monitor frauds, gather and collate information and bring trends and lessons to the attention of the sector as a whole.

**THIS STATEMENT IS ISSUED ON THE STRICT UNDERSTANDING THAT IT IS NOT FOR PUBLICATION OR BROADCAST BEFORE 00.01 hrs ON Tuesday 20 September 2016**

- **Whistleblowing** – The report highlights the important role that whistleblowers play in raising matters of concern in relation to the proper conduct of public business. Under legislation, the Local Government Auditor is a prescribed person to whom protected disclosures can be made. The Local Government Auditor recommends that the 11 new councils should follow the guide on whistle blowing in the public sector issued by the four supreme audit agencies of the United Kingdom in November 2014.
- **Absenteeism** – The review of absence statistics revealed that during 2014-15 there was a slight increase in overall absenteeism compared with the previous year; this is the highest overall absentee rate since the 2008-09 financial year. In addressing this issue, the report recommends that councils continue to rigorously manage absence to ensure that staff welfare is protected and that the delivery of front line services is not adversely affected.
- **Performance Improvement** – All but one of the current 11 councils fully met their introductory performance improvement responsibilities. Whilst the councils are to be commended for this, it was noted that they were at very different stages of progression in both implementing their improvement objectives and the arrangements to deliver them in the introductory year.

#### **Notes for Editors**

1. The Department for Communities (previously Department of the Environment) 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 (Northern Ireland) Order 2005 requires the Local Government Auditor to prepare and publish an annual report.
3. The Local Government Auditor's report is available on the NIAO website at [www.niauditoffice.gov.uk](http://www.niauditoffice.gov.uk). The report is embargoed until 00.01 hrs on 20 September 2016.
4. Background briefing can be obtained from the NIAO by contacting Colette Kane (028 9025 1064) or Stephen Knox (028 9025 4322)