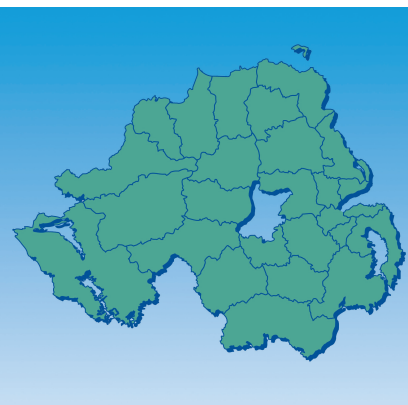




The Exercise by Local Government Auditors of their Functions

PRESS RELEASE



The Chief Local Government Auditor, Louise Mason, today published her report on the exercise by local government auditors of their functions in the year to 31 March 2013. The report comments on a range of topics arising from financial audit work in local government bodies. Councils spend over £800 million per annum, employ 9,700 staff and utilise assets worth more than £2,000 million.

Background

The Local Government (Northern Ireland) Order 2005 requires the Chief Local Government Auditor to prepare and publish an annual report. This report is the seventh report under this requirement.

Findings and Recommendations

The Chief Local Government Auditor has highlighted areas of strength and areas for improvement within local Councils. This includes the following issues:

- **Prompt Payment of Invoices** – The Report reviews the prompt payment performance of local councils and makes comparisons with other public bodies namely Central Government, Health and Social Care Trusts and Education and Library Boards. On average, local councils had the lowest performance for prompt payment of invoices. Mrs Mason concluded that “Whilst prompt payment performance has improved significantly, performance still falls well behind other sectors”. She noted that councils paid 81% of invoices within 30 days but only 37% within 10 days. Better performance in this area has the potential to

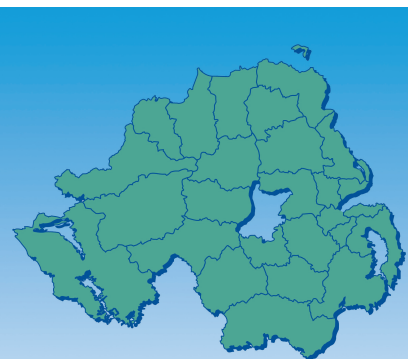
significantly improve cash flow for local firms providing services to councils.

- **The Management of Major Capital Projects** – The Report highlights the importance for councils of ensuring that major capital projects are properly managed. Mrs Mason highlights her concerns over the management of one particular project, concerning the refurbishment of a Leisure Centre. She notes the final cost of the project was approximately £9.2 million, an increase of around 125% from the original contract price of £4.1 million. She draws attention to the importance of following good practice guidance.
- **Procurement** – Mrs Mason again raises concerns about poor procurement practices in some councils. She draws attention to one case where no contract existed for the provision of leisure equipment by a private company but during the year equipment with a value of more than £600,000 was procured. In several instances, councils have identified that a lack of procurement expertise or weaknesses within their procurement processes represent significant risks that will have to be addressed.
- **Fraud and Whistleblowing** – The Report recognises that most councils now have anti-fraud and corruption policies and procedures in place. Mrs Mason highlights the importance of ensuring that these policies are embedded into the culture of each council through increased fraud



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awareness training for all staff and ensuring that information on fraud prevention and detection is accessible to all. She highlights a range of guiding principles for councils to take account of when investigating whistleblowing complaints.

The report asks Councillors and Officers of local government bodies to consider the matters outlined and review how their Council is approaching the issues. The Chief Local Government Auditor considers this will assist organisations to improve upon future financial management and governance arrangements.



Notes for Editors

1. The Department of the Environment may, with the consent of the Comptroller and Auditor General for Northern Ireland designate members of NIAO staff as a Local Government Auditor and as Chief Local Government Auditor. The Chief Local Government Auditor is also the Assistant Auditor General for financial audit undertaken by NIAO.
2. The Chief 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 19 November 2013.**
3. Background briefing can be obtained from the NIAO by contacting Rodney Allen (028 9025 1122) or Roger McCance (028 9025 4312).