

Issued by the Local Government Auditor
January 2012



North East Region Rural Development Joint Council Committee

Year to 31 March 2011

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Joint Committee Background Rural Development

The Local Government (Constituting a Joint Committee) Order (Northern Ireland) 2009 established seven rural development joint council committees to deliver Axes 3 and 4 of the Northern Ireland Rural Development Programme 2007-13. The Order outlines the functions that these joint council committees will perform on behalf of the Department of Agriculture and Rural Development (DARD) including:

- The appointment of a local action group to establish and implement a rural development strategy in its area;
- The oversight, monitoring and guidance of the local action group;
- The approval of the local action group's proposals in relation to financial assistance towards projects; and
- Acting in accordance with the Rural Development (Financial Assistance) Regulations (Northern Ireland) 2008.

North East Region Rural Development Joint Council Committee comprises the following councils:

- Ballymena Borough Council
- Ballymoney Borough Council
- Coleraine Borough Council
- Larne Borough Council
- Moyle District Council

Ballymena Borough Council is the lead council for the North East Region Rural Development Joint Council Committee.

The Local Government (Northern Ireland) Order 2005 sets out the accounting and audit requirements for local government bodies. The Order defines local government bodies as district councils or joint committees of district councils. Consequently this joint council committee is required to prepare a statement of accounts, as directed by the Department of Environment (DoE), for each financial year and that these accounts are audited by a local government auditor.

Under the Order the Department of Environment issued an Accounts Direction in connection with the form, preparation and certification of the 2010-11 accounts.

Introduction

The Department of Environment may, with the consent of the Comptroller and Auditor General for Northern Ireland, designate persons who are members of the staff of the Northern Ireland Audit Office as local government auditors (Article 4(3) of the Local Government (Northern Ireland) Order 2005). For the year ending 31 March 2011 I have been designated the local government auditor for the Joint Committee.

As an auditor independent of the audited body I seek to examine that the body has managed its affairs having regard to a combination of economy, efficiency and effectiveness and that public money is properly spent or in the case of income properly accounted for.

Status and Availability of this Annual Audit Letter

This Annual Audit Letter is issued under Article 13 of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006. The Regulations require the local government body to publish this Annual Audit Letter as soon as reasonably possible.

The Annual Audit Letter is addressed to members and prepared for the sole use of the audited body; no responsibility is taken by auditors to any member or officer in their individual capacity, or to any third party.

Audit of Accounts

- 1 As your statutory appointed auditor I reported my audit opinion on the Statement of Accounts on 28 October 2011. I gave an unqualified opinion on your accounts.
- 2 The Local Government (Northern Ireland) Order 2005 requires that in auditing accounts a local government auditor must by examination of the accounts or otherwise satisfy himself that:
 - (a) they are prepared in accordance with regulations;
 - (b) they fully comply with the requirements of all other statutory provisions applicable to the accounts;
 - (c) proper practices have been observed in the compilation of the accounts; and
 - (d) the body whose accounts are being audited has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Matters arising from the final accounts audit

- 3 The published accounts are an essential means by which the Joint Council Committee reports its stewardship of the public funds at its disposal and its financial performance in the use of those resources. The Joint Council Committee's annual accounts were signed by the Chief Financial Officer on 27 June 2011 and members of the Joint Council Committee approved the accounts on 15 June 2011 which was within the statutory guidelines which require this to be completed by 30 June. Following a number of presentational adjustments the accounts were authorised for issue by the Chief Financial Officer on 27 October 2011.
- 4 As a result of my audit findings adjustments were made to the accounts.
- 5 At the conclusion of our audit we issue a Report to Those Charged With Governance on the audit results to management noting the most significant audit issues making recommendations and seeking comments. I would draw your attention to the following point:
 - The original version of the accounts was not prepared in accordance with the Accounts Direction issued by DoE on 22 April 2011. When a revised version was prepared in accordance with this guidance, the financial statements did not include a Cash Flow Statement.

Financial standing

- 6 The Joint Council Committee received £327,342 of funding from DARD and £nil from its participating councils. Administrative expenditure amounting to £328,700 was incurred during the year, resulting in a deficit of £1,358 for 2010-11.

At year-end the Joint Council Committee was owed £102,908 from DARD and was due to pay £108,286 to the lead council.

Annual Governance Statement

- 7 The Local Government (Accounts and Audit) (Amendment) Regulations (Northern Ireland) 2006 and DOE Circular No: LG/04/08 required local government bodies to conduct a review at least once in a financial year of the effectiveness of its governance framework (including its system of internal control) and then approve an Annual Governance Statement.
- 8 The Annual Governance Statement was approved by the Rural Development Joint Council Committee Chairman on behalf of the Joint Council Committee on 27 June 2011 and the Chief Financial Officer of the lead council on 27 June 2011. My opinion on the accounts includes the Annual Governance Statement. I am required to report if the Governance Statement is inconsistent with the guidance provided by the Department of Environment or if disclosures in the Statement are inconsistent with my understanding of the Joint Council Committee. I noted no issues in relation to Governance matters in my report.

Internal Audit

- 9 The Local Government (Accounts and Audit) (Amendment) Regulations (NI) 2006 also required local government bodies to maintain an adequate and effective system of internal audit and to conduct a review at least once in a financial year of the effectiveness of its system of internal audit. We recognise that it would be impractical for the Joint Committee to have its own internal audit function. We recommend that the Joint Committee ensures its activities are included in the annual internal audit plan for one of its participating councils each year.

Transition to International Financial Reporting Standards (IFRS)

- 10 The IFRS - based Code of Practice on Local Authority Accounting applied to 2010-11 Local Authority accounts from 1 April 2010. As was the case in Central Government, Councils were required to re-state their final UK Financial Reporting Standard based accounts (ie 2009-10) on an IFRS basis and have this subject to audit review. The accounts for year ended 31 March 2011 were prepared on the basis of International Financial Reporting Standards.

Other Audit Work

- 11 No other audit work was undertaken in respect of the Joint Council Committee.

Conclusion

- 12 The factual accuracy of this Audit Letter has been agreed with the Chief Executive and Head of Finance.
- 13 The Joint Council Committee has taken a positive and constructive approach to our audit. I would like to take this opportunity to express our appreciation for your assistance and co-operation.

Louise Mason

Local Government Auditor

16 January 2012