

**NORTH EAST REGION RURAL DEVELOPMENT PROGRAMME**

**ACCOUNTS FOR THE 28 MONTHS TO 31<sup>ST</sup> MARCH 2010**

## **Explanatory Foreword**

North East Region Joint Council Committee (Joint Council Committee hereafter) was established in 2009 under Section 19 (9) of the Local Government Act (Northern Ireland) 1972. The Joint Council Committee is contracted for the delivery of Axes 3 and 4 of Chapter 1 of title IV of the Council Regulation (EC) No 1698 /2005 of 20 September 2005 which are provided for in the Northern Ireland Rural Development Programme 2007 -2013. The contract for funding is with the Department of Agriculture and Rural Development and is worth £13,181,300.

The Joint Council Committee is a partnership of the following five District Councils:

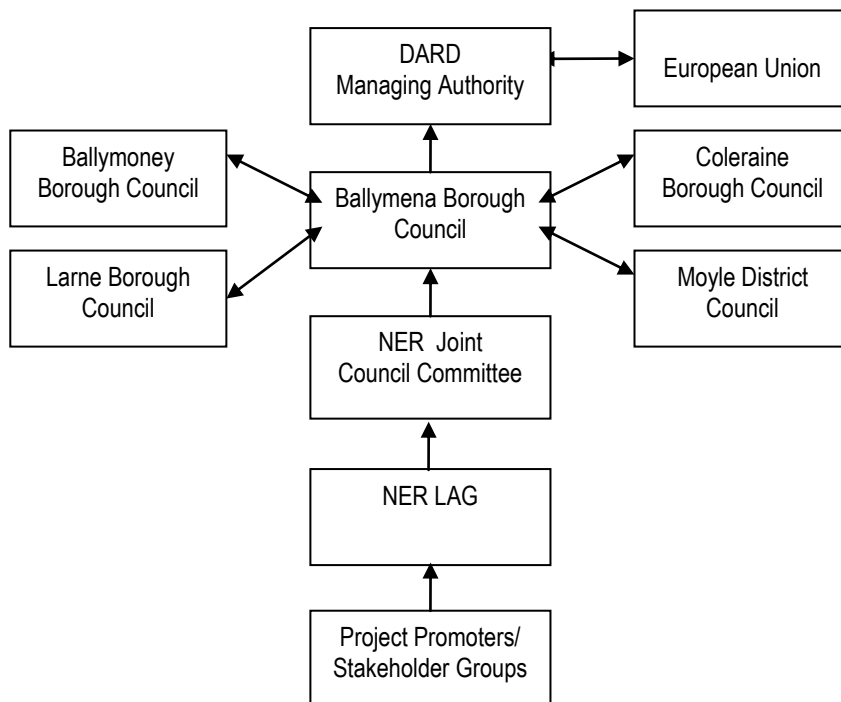
- Ballymena Borough Council
- Ballymoney Borough Council
- Coleraine Borough Council
- Larne Borough Council
- Moyle District Council

All five councils have agreed, pursuant to Terms of Agreement dated December 2007, to the creation of said committee. The Joint Council Committee has entered into a Service Level Agreement with Ballymena Borough Council known as the administrative council to provide administrative services in accordance with the terms of that Service Level Agreement. The Joint Council Committee has entered into an Agreement with North East Region Local Action Group Limited (NER), an incorporated body which is a Local Action group appointed by the Joint Council Committee to implement the Local Development Strategy in accordance with Axes 3 and 4 of the Northern Ireland Rural Development Programme 2007-2013. An organisational reporting structure has been put in place to deal with the different levels.

The Northern Ireland Rural Development Programme 2007- 2013 "Operational Rules" set out the roles and responsibilities of the Joint Council Committee. The Joint Council Committee operates under the Standing Orders of the administrative council. These set out how formal business of the Committee will be conducted including such matters as: Joint Council Committee membership and quorum, order of business, minutes, motions and amendments, rules of debate, voting, sub-committees, contracts and variation and revocation of standing orders. A range of policy documents have also been adopted by the Joint Council Committee, which provide clear instructions and enable informed decision making processes

Each of five councils involved shall be represented on the Joint Council Committee by three members of its council. Nominations are sought from respective councils through council meetings. The Joint Council Committee appoints a Chairperson and Vice-Chairperson from within the Membership.

The reporting structure of the organisation is as follows:



The Local Government (Northern Ireland) Order 2005, Article 3, defines a joint committee of two or more councils to be a local government body and provides that :-

the accounts of every local government body shall be:-

- (a) made up to the end of each financial year; and
- (b) audited in accordance with this Part by a local government auditor designated by the Department, after consultation with the Comptroller and Auditor General for Northern Ireland”.

Article 24 of the Local Government (Northern Ireland) Order 2005 provides that the Department may issue regulations as to accounts and audit. In this regard the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006 were made on 7 March 2006.

The Accounts Direction, issued by the Department of the Environment on 24<sup>th</sup> May 2010 under Regulation 4 of the Local Government (Accounts and Audit) Regulations 2006 requires the Joint Committee to prepare accounts. This statement of accounts covers the period since 5<sup>th</sup> December 2007 to 31 March 2010 and has been prepared in compliance with the Direction.

**Certificate of the Chief Financial Officer**

I certify that:-

- (a) the Statement of Accounts for the period ended 31 March 2010 on pages 14 to 19 has been prepared in the form directed by the Department of the Environment and under the accounting policies set out on pages 17 to 19.
  
- (b) in my opinion the Statement of Accounts give a true and fair view of the income and expenditure and cash flows for the financial year and the financial position as at the end of the financial year.

Signature .....  
Chief Financial Officer

Date: 29<sup>th</sup> June 2010

**Joint Committee Approval of Statement of Accounts**

These accounts were approved by resolution of the Joint Committee  
on 16<sup>th</sup> June 2010

Signature .....  
Chairman of Joint Committee

Date 25<sup>th</sup> June 2010

## **Statement of the Council's and Chief Financial Officer's responsibilities for the Statement of Accounts**

### **The Joint Committee's Responsibilities**

Under Section 54 of the Local Government Act (Northern Ireland) 1972 a council shall make safe and efficient arrangements for the receipt of money paid to it and the issue of money payable by it, and those arrangements shall be carried out under the supervision of such officer of the joint committee as the joint committee designates as its Chief Financial Officer. The Joint Committee has adopted a similar arrangement and the Chief Financial Officer for the Administrative Council undertakes equivalent duties for the Joint Committee.

Under Regulation 5 of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006 the Joint Committee is required by resolution to approve the accounts.

### **The Chief Financial Officer's Responsibilities**

Under Regulation 4(1) of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006 the chief financial officer is responsible for the preparation of the joint committee's statement of accounts in the form directed by the Department of the Environment.

The accounts must present fairly the income and expenditure for the financial year and the financial position as at the end of the financial year.

In preparing this statement of accounts, the chief financial officer is required to:-

- observe the Accounts Direction issued by the Department of the Environment including compliance with the Code of Practice on Local Authority Accounting in the United Kingdom (SORP – Statement of Recommended Practice) as amended and augmented from time to time, as appropriate;
- follow relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis;
- make judgements and estimates that are reasonable and prudent; and
- disclose in the notes to the statement of accounts an analysis of the Financial Assistance to beneficiaries under the Rural Development Programme as operated by the Joint Committee.

The Chief Financial Officer is also required to:-

- keep proper accounting records which are up-to-date; and
- take reasonable steps for the prevention and detection of fraud and other irregularities.

## **ANNUAL GOVERNANCE STATEMENT 2009/10**

### **Scope of responsibility**

North East Region Joint Council Committee (Joint Council Committee hereafter), is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiency and effectively. The Joint Council Committee also has a duty under Local Government (Best Value) Act (Northern Ireland) 2002 to make arrangements for continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility the Joint Council Committee is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Joint Council Committee is required to prepare an Annual Governance Statement which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. This statement explains how the Joint Council Committee meets the requirements of Regulations 2A of the Local Government Accounts and Audit (Amendment) Regulations (Northern Ireland 2006) in relation to the publication of a statement on internal control.

### **The Purpose of the Governance Framework**

The governance framework comprises the systems and processes, and culture and values, by which the Joint Council Committee is directed and controlled and its activities through which it accounts to, engages with and leads the community for the purpose of delivering Axes 3 & 4 of the Northern Ireland Rural Development Programme 2007-2013. It enables the Joint Council Committee to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the local government body's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at the Joint Council Committee for the period ended 31 March 2010 and up to the date of approval of the financial statements.

## The Governance Framework

The key elements of the systems and processes that comprise the Joint Council Committee governance arrangements are as follows:

- **Arrangements for identifying and communicating the Joint Council Committee vision of its purpose and intended outcomes for citizens and service users**

The Joint Council Committee identifies and communicates its vision and intended outcomes for all stakeholders through a Local Rural Development Strategy 2008 - 2013. The Joint Council Committee uses a number of communication means to present its strategy including the NER website, news releases, public information evenings, and promotional literature.

- **Arrangements for reviewing the Joint Council Committee's vision and its implications for Joint Council Committee governance arrangements**

The Joint Council Committee has established a 5 year Implementation Plan which is reviewed annually. Funding priorities for the forthcoming financial year are determined and the resources required are agreed. The Joint Council Committee also has a sound budgetary reporting mechanism in place, and detailed budgetary reports are prepared and presented to members each month.

- **Arrangements for measuring the quality of services, for ensuring they are delivered in accordance with the Joint Council Committee objectives and for ensuring that they represent the best use of resources**

Reports are presented monthly to the senior officers and elected members from member councils who sit on the Joint Committee. These include progress reports on expenditure; projects for approval; policies and procedures to be adopted; correspondence from Department of Agriculture & Rural Development; amendments to Letters of Offer; barriers to progress; updates on network and group meetings. Depending on the nature of the information, the Joint Council Committee decides on the appropriate action to take.

- **Arrangements for defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication**

A formal contract between the Department of Agriculture & Rural Development and the Joint Council Committee is in place for delivery of Axes 3 & 4 of the Northern Ireland Rural Development Programme 2007-2013.

The Northern Ireland Rural Development Programme 2007- 2013 "Operational Rules" set out the roles and responsibilities of the Joint Council Committee. Standing Orders of the Administrative Council, Ballymena Borough Council are used by the Joint Council Committee as specified in the contract for funding.

An agreement between member Councils is in place which sets out the role of Ballymena Borough Council as Administrative Council. In this role as Administrative Council with responsibility for *administering* Axes 3 & 4 of the Northern Ireland Rural Development Programme 2007 - 2013 on behalf of the Joint Council Committee, Ballymena Borough Council performs a number of functions which are provided for in an agreed Service Level Agreement with the Joint Council Committee.

A Local Action Group was appointed by the Joint Council Committee to *implement* the Local Development Strategy in accordance with Axes 3 and 4 of the NI Rural Development Programme 2007-2013.

- **Arrangements for developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff**

The individual elected members of the Joint Council Committee are bound by the codes of conduct from their own council.

A range of policy documents also exist across the Joint Council Committee, which provide clear instructions and enable appropriate decision making processes.

- **Arrangements for reviewing and updating standing financial instructions, a scheme of delegation and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls required to manage risks**

The financial system adopted by the Joint Council Committee and all other policies and procedures outlining the operating and decision making process are updated as and when required. Proposed changes require the necessary quorum to be present.

- **Arrangements for undertaking the core functions of an Audit Committee, as identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities**

A Monitoring Group oversees the activities of the entire Northern Ireland Rural Development Programme 2007-2013 which includes the activities of the Joint Council Committee. There is also a review panel in place for the Joint Council Committee comprised of three members - two of these from NER Local Action Group and one member from another NI Local Action Group.

Administrative Council activities are subject to review by both internal and external auditors. The Administrative Council has in place an Audit and Scrutiny Committee which meets monthly and internal and external auditors are invited to attend this as appropriate. This committee receives internal and external audit reports and scrutinises Risk Management issues. It comprises of elected Members and supports the Chief Executive Officer by offering objective advice on issue concerning the risk, control and governance of the organisation and the associated assurances. The Audit and Scrutiny committee reviewed it's effectiveness according to Appendix 2 of "Audit Committees – Practical Guidance for Local Authorities" at the meeting held on 17<sup>th</sup> June 2010.

In light of this, it is not considered productive for the Joint Council Committee to have its own separate Audit Committee.

- **Arrangements for ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful**

The Contract between the Department of Agriculture & Rural Development and Joint Council Committee sets out the Chief Financial Officer as the designated officer responsible for the proper administration of the Joint Council Committee's financial affairs.

The Joint Council Committee has a Register of Interests in place which all Joint Council Committee members complete and which is reviewed on an annual basis. All members sitting on the Joint Council Committee also complete a Declaration of "Conflict of Interest" which is reviewed on an annual basis and the need to declare a Conflict of Interest is a standing agenda item for all Joint Council Committee meetings.

Expenditure activities of the Joint Council Committee are subject to external audit by the Department of Agriculture & Rural Development.

All payments to be made by the Administrative Council are reviewed by two councillors prior to approval at monthly meeting.

Access to legal advice is received from the Administrative Council solicitors as and when required.

- **Arrangements for whistle-blowing and for receiving and investigating complaints from the public**

There is a mechanism within the application process that affords applicants the opportunity to meet with senior officers to discuss their application. This is outlined in the notification letter sent to applicants when their application has been unsuccessful, outlining the opportunity for a debriefing session which is afforded to any applicant deemed ineligible for grant aid. The notification to unsuccessful applicants also outlines the right to request a formal review and a copy of the review procedures is provided on request. This mechanism is part of the Review Panel procedures within Northern Ireland Rural Development Programme 2007-2013 "Operating Rules".

The Administrative Council adopted a Whistle blowing Policy in 2009 to enable staff members to confidentially raise concerns, which relate to possible illegal or improper behaviour within the Council without putting their positions at risk

- **Arrangements for identifying the development needs of Members and senior officers in relation to their strategic roles, supported by appropriate training**

In terms of the needs of elected members on the Joint Council Committee and senior officers from the Joint Council Committee, regular monthly meetings are held to ensure that they are kept up to date with issues as they emerge.

Joint Council Committee members are given the opportunity to attend relevant training events on a needs basis and the NER staff attend programme specific training, such as fraud and claims training, on an ongoing basis.

- **Arrangements for establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation**

Joint Council Committee regularly communicate with key stakeholders, including member Councils, Rural Development Council, Rural Support Networks, Department of Agriculture & Rural Development, rural groups and social partners. This is achieved in a variety of ways such as the NER website which is kept up to date with relevant information and news. Communication channels also include presentations, events, seminars, public information sessions, signage, press releases and advertisements.

On a six monthly basis the Joint Council Committee reports to the Department of Agriculture & Rural Development detailing publicity undertaken for each six month reporting period and activities planned for the subsequent reporting period.

NER has a corporate identity manifested in its Official Logo which is used to brand communications and information products. It also helps stakeholders to recognise the objectives of the Partnership and the Joint Council Committee.

## **Review of Effectiveness**

The Joint Council Committee has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers from the Administrative Council who have responsibility for the development and maintenance of the governance environment and also by comments made by the external auditors.

The process that has been applied in maintaining and reviewing the effectiveness of the governance framework, including the system of internal control, includes the role of:

**Elected Members**, who have reviewed, agreed and monitored a variety of policies and corporate documents including -

- Financial System: financial, purchasing, payment and authorisation policies
- Assessment Panel Policy
- Review Policy
- Equality Statement
- Implementation Plan, matching funding priorities to resource requirements

**Senior Officers**, who attended Joint Council Committee meetings in an advisory capacity and:

- Provided their own distinct expertise to facilitate Programme delivery
- Considered new policies and procedures
- Collectively were involved in the enhancement of governance arrangements

**Other Assurance and review mechanisms**, including -

- External Audit by the Department of Agriculture & Rural Development who carried out a monitoring inspection of:-
  - (i) policies and procedures including financial systems, publicity, assessment & approval of projects
  - (ii) procurement
  - (iii) payments procedures
  - (iv) board / panel membership including training, corporate governance, conflict of interest / register of interest

An Article 33 report was issued in response to this inspection and it highlighted a number areas where procedures and policy notes could be improved such as the construction of a data protection policy, a computer security policy and a document retention policy. The Joint Council Committee was advised on the implications highlighted in the review of the effectiveness of the governance framework by the Department of Agriculture & Rural Development and a plan to address weaknesses was implemented to ensure continuous improvement. All recommendations have been implemented and a second Article 33 check is to be performed in July 2010.

Signed .....

Chief Financial Officer of the Administrative Council

Date 29<sup>th</sup> June 2010

Signed .....

Chair of the Joint Council Committee

Date 25<sup>th</sup> June 2010

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTH EAST REGION RURAL DEVELOPMENT JOINT COUNCIL COMMITTEE**

I have audited the statement of accounts for North East Region Rural Development Joint Council Committee for the year ended 31 March 2010 under the Local Government (Northern Ireland) Order 2005. The statement of accounts comprises the Income and Expenditure Account, Statement of Movement on the General Reserves Balance and Balance Sheet.

This report is made solely to the Members of North East Region Rural Development Joint Council Committee in accordance with the Local Government (Northern Ireland) Order 2005 and for no other purpose, as specified in the Local Government Code of Audit Practice issued by the Chief Local Government Auditor.

### **Respective responsibilities of the Chief Financial Officer and the independent auditor**

As explained more fully in the Statement of the Council's and Chief Financial Officer's Responsibilities, the Chief Financial Officer is responsible for the preparation of the statement of accounts and for being satisfied that it gives a true and fair view of the income and expenditure and cash flows for the financial year and the financial position as at the end of the financial year. My responsibility is to audit the statement of accounts in accordance with applicable law, the Local Government Code of Audit Practice issued by the Chief Local Government Auditor and International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the Audit of the Statement of Accounts**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the statement of accounts are free from material misstatement, whether caused by fraud or error.

### **Opinion**

In my opinion the statement of accounts gives a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009, the financial position of North East Region Rural Development Joint Council Committee as at 31 March 2010 and its income and expenditure for the year then ended.

### **Matters on which I report by exception**

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- the Annual Governance statement:
  - does not reflect compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2009,
  - does not comply with proper practices specified by the Department of the Environment,
  - is misleading or inconsistent with other information I am aware of from my audit, or
- adequate accounting records have not been kept; or
- the statement of accounts is not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit.

**Certificate**

I certify that I have completed the audit of the accounts of North East Region Rural Development Joint Council Committee in accordance with the requirements of the Local Government (Northern Ireland) Order 2005 and the Local Government Code of Audit Practice issued by the Chief Local Government Auditor.

J S Buchanan  
Local Government Auditor  
Northern Ireland Audit Office  
106 University Street  
Belfast  
BT7 1EU

Date

**Joint Committee – Income and Expenditure Account for the period ended 31 March 2010**

	<b>Notes</b>	<b>Period ended 31<sup>st</sup> March 2010</b>
		<b>£</b>
<b>Income</b>		
Government departments		359,469
Participating councils		1,224
<b>Total income</b>	2	360,693
<b>Expenditure</b>		
Employee costs	3	204,153
Committee member costs	4	5,125
Premises costs	5	32,131
Supplies and services	6	93,530
Travel and subsistence costs	7	8,386
Administration costs	8	21,388
<b>Total expenditure</b>		364,713
<b>(Deficit)/Surplus for the year</b>		(4,020)

**Statement of Movement on the General Reserves Balance for the period ended 31 March 2010**

		<b>Period ended 31<sup>st</sup> March 2010</b>
	<b>Notes</b>	<b>£</b>
(Deficit)/Surplus for the year on the Income and Expenditure Account		(4,020)
<b>Movement on the General Reserves balance for the year</b>		<b>(4,020)</b>
Balance Brought Forward		-
<b>Balance Carried Forward</b>		<b>(4,020)</b>

**Balance Sheet as at 31 March 2010**

	<b>Notes</b>	<b>31<sup>st</sup> March 2010 £</b>
<b>CURRENT ASSETS</b>		
Accrued Income	9	196,417
<b>TOTAL ASSETS</b>		<b>196,417</b>
<b>CURRENT LIABILITIES</b>		
Creditors	10	200,437
<b>TOTAL LIABILITIES</b>		<b>200,437</b>
<b>NET (LIABILITIES)/ASSETS</b>		<b>(4,020)</b>

**Financed by:**

<b>General Reserve</b>	<b>(4,020)</b>
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## Notes to the Financial Statements

These accounts follow standard accounting principles for representation for presentation of Income and Expenditure. The Joint Committee does not have any significant expenditure on Fixed Assets, and therefore any asset expenditure is carried to the Income and Expenditure account.

### 1 Financial assistance to beneficiaries

NER do not make any direct payments to project promoters as DARD make all such payments. In the year to 31<sup>st</sup> March 2010 £368,247 in financial assistance has been paid out by DARD in relation to projects which were assessed by NER.

### 2 Income

		<b>Period ended 31<sup>st</sup> March 2010 £</b>
Animation funding from DARD		170,782
Administration funding from DARD		188,687
Payments from participating councils		1,224
		<b>360,693</b>

### 3 Employee costs

		<b>Period ended 31<sup>st</sup> March 2010 £</b>
Salaries		99,275
Agency and temporary staff		98,971
Other		5,907
		<b>204,153</b>

### 4 Committee member costs

		<b>Period ended 31<sup>st</sup> March 2010 £</b>
Travel & subsistence		5,125
		<b>5,125</b>

**5 Premises costs**

		<b>Period ended 31<sup>st</sup> March 2010 £</b>
Room Hire		15,741
Hospitality		5,084
Office Rental		11,306
		<b>32,131</b>

**6 Supplies and services**

		<b>Period ended 31<sup>st</sup> March 2010 £</b>
Consultancy Fees		55,068
Marketing & Advertising Costs		35,462
Audit Fee		3,000
		<b>93,530</b>

**7 Travel and subsistence costs**

		<b>Period ended 31<sup>st</sup> March 2010 £</b>
NER staff travel and subsistence		8,386
		<b>8,386</b>

**8 Administration costs**

		<b>Period ended 31<sup>st</sup> March 2010 £</b>
Office equipment		8,785
Telephone		5,018
Printing		2,646
Stationary and postage		2,787
Other		2,152
		<b>21,388</b>

**9 Accrued Income**

		<b>Period ended 31<sup>st</sup> March 2010 £</b>
DARD		195,193
Participating councils		1,224
		<b>196,417</b>

**10 Creditors**

		<b>Period ended 31<sup>st</sup> March 2010 £</b>
Ballymena Borough Council		200,437
		<b>200,437</b>

**Accounts Authorised for Issue**

Before the audit of the accounts can be closed there is a requirement under FRS 21 for the accounts to carry a “date authorised for issue”. The paragraph below should be added at the back of the 2009-10 Statement of Accounts and signed by the Chief Financial Officer.

In accordance with Financial Reporting Standard 21 (FRS 21) this Statement of Accounts which contains a number of minor amendments from the Accounts approved on 29 June 2010 are at today’s date hereby authorised for issue.

FRS 21 sets out

- The period during which an entity should adjust its financial statements for events after the balance sheet date as being the period between the date the financial statements were prepared and the date of this authorisation; and
- In the event of adjustments the disclosures that should be made.

Signed .....  
Chief Financial Officer

Date 18<sup>th</sup> October 2010