

# Annual Audit Letter

**Mid and East Antrim Borough Council**  
2022-23

**Date of issue:**  
15 January 2024

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*We have prepared this report for Mid and East Antrim Borough Council's sole use. You must not disclose it to any third party, quote or refer to it, without our written consent and we assume no responsibility to any other person.*

# 1. Key Messages

## Audit of Financial Statements

The 2022-23 financial statements were certified without qualification as noted in my audit report. Key statistics from the accounts are outlined in section 4.

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## Work on economy, efficiency and effectiveness

Mid and East Antrim Borough Council (the Council) has in place proper arrangements to secure economy, efficiency, and effectiveness in the use of its resources.

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## Governance

The governance statement reflects compliance with relevant guidance and standards.

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## Other Areas of interest

- Absenteeism figures for 2022-23
  - The latest National Fraud Initiative
  - The Local Government Auditor's Report for the year to 31 March 2021 was published on 21 December 2021. The combined Local Government Auditor's Report for the years 1 April 2021 – 31 March 2023 is due to be published in early 2024
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## Outlook

- Financial resilience

## 2. Introduction

1. As Local Government Auditor, I have a statutory responsibility to provide an opinion on the Council's financial statements. The results of my audit of the 2022-23 Statement of Accounts are summarised in this report.
2. The legislative role for the Local Government Auditor is contained in the Local Government (Northern Ireland) Order 2005 and the Local Government (Northern Ireland) Act 2014. In addition, the Code of Audit Practice, published on 1 April 2021, prescribes the ways in which statutory audit functions are to be carried out. The Code of Audit Practice is supported further by a Statement of Responsibilities of Local Government Auditors and Local Government Bodies. Both of these documents are published on the NIAO website.
3. Management have specific responsibilities regarding the production of financial statements and are expected to have effective governance arrangements in place to deliver the Council's corporate objectives. The publication of the financial statements is an essential means to account for the stewardship and use of public money each year.
4. As external auditor, it is my responsibility to form an opinion on whether:
  - the financial statements give a true and fair view of the financial position of the Council and its income and expenditure for the year then ended;
  - the financial statements have been prepared in accordance with the relevant accounting and reporting framework as set out in legislation, applicable accounting standards or other directions thereunder;
  - the parts of the remuneration report to be audited have been properly prepared in accordance with the Department for Communities' directions; and
  - the information given in the Narrative Report is consistent with the financial statements.
5. The Code of Audit Practice outlines a range of other matters that can be reported by exception. One of these items relates to the information published with the audited financial statements, such as the governance statement. I report if the governance statement is

not consistent with the information gathered during the audit including that gained from carrying out work on the Council's arrangements for securing economy, efficiency and effectiveness of resources, and our work on performance improvement.

6. This report is solely based upon those matters that have come to my attention as a result of normal audit procedures. Consequently, our comments should not be regarded as a comprehensive record of all deficiencies that may exist or all improvements that could be made.

### **3. Audit of Financial Statements**

#### **Statement of Accounts**

1. The accounts should be prepared in accordance with International Financial Accounting Standards as interpreted for Local Government in the, 'Code of Practice on Local Authority Accounting in the United Kingdom'.
  2. The financial statements were signed by the Chief Financial Officer and submitted for audit on 7 July 2023. Following the audit, the Statement of Accounts were approved by the Council and certified by me within the statutory deadline of 30 September 2023. The Statement of Accounts are published on the Council's website.
  3. On conclusion of the audit, the 2005 Order requires me to issue a certificate stating the audit is complete and to give an opinion on the statement of the accounts. The audit certificate and opinion are contained within the Statement of Accounts.
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#### **Audit Certificate and Opinion**

4. For the year ended 31 March 2023, I gave the following unqualified opinion on the financial statements.

In my opinion:

- the financial statements give a true and fair view, in accordance with relevant legal and statutory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23, of the financial position of the Council as at 31 March 2023, and its income and expenditure for the year then ended; and
  - the financial statements have been properly prepared in accordance with the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 and the Department for Communities' directions issued thereunder.
5. At the end of the audit, I issue a Report to Those Charged with Governance, addressed to the Interim Chief Executive of the Council, on the results of the audit, noting the most significant issues, making recommendations, and seeking comments. That

report is presented separately to the Audit and Scrutiny Committee. The Report to those charged with Governance identified significant weaknesses relating to the operation and ongoing use of the IT financial system, financial management processes, direct award contracts and contract management and procurement processes.

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## 4. Key Statistics

| <b>Income and Expenditure</b>                                    | <b>2022-23<br/>£000</b> | <b>2021-22<br/>£000</b> | <b>Variance<br/>£000</b> |
|--|-------------------------|-------------------------|--------------------------|
| Total income   | 77,563                  | 78,044                  | (481)                    |
| Total expenditure  | 86,008                  | 81,725                  | 4,283                    |
| Adjustments between accounting basis and funding basis           | (8,715)                 | (9,669)                 | 954                      |
| Net expenditure chargeable to/(income taken to) the General Fund | (269)                   | (5,989)                 | 5,720                    |

| <b>Capital and Reserves</b> | <b>2022-23<br/>£000</b> | <b>2021-22<br/>£000</b> | <b>Variance<br/>£000</b> |
|-----------------------------|-------------------------|-------------------------|--------------------------|
| Capital expenditure in year | 5,424                   | 8,105                   | (2,681)                  |
| Usable Reserves             | 26,148                  | 28,477                  | (2,329)                  |
| Long Term Assets            | 232,241                 | 222,773                 | 9,468                    |
| Loans Outstanding           | 50,604                  | 54,742                  | (4,138)                  |

| <b>Staff</b>                         | <b>2022-23</b> | <b>2021-22</b> | <b>Variance</b> |
|--------------------------------------|----------------|----------------|-----------------|
|                                      | <b>FTE</b>     | <b>FTE</b>     | <b>FTE</b>      |
| Staff numbers                        | 631            | 559            | 72              |
|                                      | <b>£000</b>    | <b>£000</b>    | <b>£000</b>     |
| Staff Costs (including agency costs) | 37,621         | 32,881         | 4,740           |
|                                      | <b>Days</b>    | <b>Days</b>    | <b>Days</b>     |
| • short term                         | 3.09           | 2.38           | 0.71            |
| • long term                          | 14.85          | 12.83          | 2.02            |
| • total                              | 17.94          | 15.21          | 2.73            |



## **5. Work on economy, efficiency and effectiveness**

### **Proper Arrangements**

1. The Local Government (Northern Ireland) Order 2005 requires me to be satisfied that the Council has in place proper arrangements for securing economy, efficiency and effectiveness in the use of its resources.
2. The Council is required to maintain an effective system of internal control that supports the achievement of their policies, aims and objectives, while safeguarding and securing value for money from the public funds and other resources at their disposal.
3. My review of the Council's arrangements for securing value for money covered a wide range of areas, including:
  - Strategic priorities, financial strategies and policies;
  - Financial reporting systems and sound financial internal controls;
  - Procurement strategies and policies to deliver sustainable outcomes and value for money;
  - Promoting a good governance environment including managing risks and systems of internal control;
  - Asset management strategies and policies to safeguard assets, deliver objectives and generate value for money; and
  - A framework to manage the workforce to effectively support the achievement of strategic priorities.
4. On the basis of my review this year, I am satisfied the Council has in place proper arrangements to secure economy, efficiency and effectiveness in the use of its resources. However, my review identified a number of areas for improvement and these were included in the Report to those Charged with Governance.

## **6. Governance**

### **Annual Governance Statement**

1. The Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 requires the Council 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 to then approve an Annual Governance Statement.
2. I am required to report if the Annual Governance Statement:
  - does not reflect compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23;
  - does not comply with proper practices specified by the Department for Communities; or
  - is misleading or inconsistent with other information I am aware of from my audit.

My review did not highlight any inconsistencies.

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### **Internal Audit**

3. The 2015 Regulations also require councils to undertake an adequate and effective internal audit of its accounting records and of its systems of risk management, internal controls and governance processes using current internal auditing standards. The Council has an external Internal Audit function that conducted a review on the effectiveness of the systems of internal controls in place during 2022-23. The findings of this work were presented to the Council's Audit and Scrutiny Committee for review and were considered by me as part of the audit process.
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### **Audit & Scrutiny Committee**

4. It is essential that Members exercise effective scrutiny of the internal controls processes and procedures in place within the Council. One way that Members carry out this function is through the Audit and Scrutiny Committee.
5. The Audit and Scrutiny Committee is also invited to review my audit reports and my staff attend meetings to present audit findings.

## 7. Other areas of audit interest

### Absenteeism

1. For the twelve months to the end of March 2023, the average number of day's sick absence in the Council was 17.94 days per full time employee as compared to 15.21 days in 2021-22. The Council has told me that the increase of 2.73 days was mainly due to the prevalence of Covid-19 with the highest number of absences noted in the 'chest and respiratory' category.
2. The Local Government Auditor produced a good practice guide on Managing Attendance in Central and Local Government on 23 November 2020. The report provides an overview of sickness absence across central and local government in Northern Ireland and sets out key principles for managing attendance that are consistent across the public sector.

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### Local Government Auditor's Report – 2021, 2022 & 2023

3. The annual [Local Government Auditor's Report](#) was published on 21 December 2021 and is available on the NIAO website. The report summarises my perspective on financial audits and performance improvement work in the year to 31 March 2021.
4. The Report highlights areas of strength and areas for improvement within local councils. It also considers important issues that may affect councils in the medium term. The Council and its members should consider this report in the context of its own activities for any improvements that could be made.
5. A combined report [Local Government Auditor's Report 2023 | Northern Ireland Audit Office \(niauditoffice.gov.uk\)](#) covering audits from 2021 and 2022 years was published in December 2023.

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### Performance improvement audit and assessment

6. Under the Local Government (Northern Ireland) Act 2014 the Council has a statutory duty to make arrangements to secure continuous improvement in the exercise of its functions and to set improvement objectives for each financial year.
7. Each year councils are required to produce an annual Performance Improvement Plan for the year ahead and a self-assessment report

for the year just past. The Local Government Auditor is required to audit the prior year self-assessment report and the incoming annual Performance Improvement plan and assess whether the Council is likely to have complied with the legislation.

8. My Annual Improvement Report for 2022-23 was published on 31 March 2023 and concludes that Council met its statutory duties in relation to publication of the 2021-22 self-assessment report and the 2022-23 Performance Improvement Plan. Given the impact of the pandemic on council services, however, I was unable to conclude on an assessment of whether the council was likely to meet their performance improvement responsibilities under legislation for the 2022-23 year.

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## **WGA**

9. Whole of Government Accounts (WGA) are consolidated financial statements for the whole of the UK public sector. The National Audit Office audits these accounts and sets the overall audit approach. As such the Council was within the band of organisations in 2021-22 where additional audit procedures were not required.
10. The Whole of Government Accounts annual return for 2021-22 has been submitted for HM Treasury's consolidation process.

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## **NFI**

11. The Council participates in the National Fraud Initiative, a UK wide data matching exercise undertaken every two years that is designed to highlight savings for the public sector as a whole.
12. The report summarising the results of the data matching exercise for the period 1 April 2020 to 31 March 2022 was published on 19 July 2022 and is available on the NIAO website.
13. The 2022-23 data matching exercise is currently underway and the results are due to be published mid-2024.

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## **Audit Fee**

14. The audit fees for the financial audit and performance improvement audit are in line with the estimate.

## 8. Outlook

### Financial Resilience

1. The current cost of living crisis and high inflation rates have had a significant impact on council finances. There are continuing challenges for councils to deliver a balanced budget within the current environment. Costs have increased in multiple areas, such as utilities, construction, and pay settlements.
  2. As part of the NIAO audit strategy this year, I examined Council's financial resilience through examination of their assessment of going concern, financial projections and plans, and also considered the robustness of Council reserves.
  3. We note that the Usable Reserves held by Council have decreased in year (from £28.5m at 31 March 2022 to £26.1m at 31 March 2023) and Borrowings have decreased (from £54.7m at 31 March 2022 to £50.6m at 31 March 2023).
  4. The Council have had difficulty in establishing a balanced budget for 2023-24 and there continues to be a significant funding shortfall in the 2023-24 budget. The Council should take all necessary steps to meet this funding shortfall including making efficiencies given the inflationary and funding challenges.
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### And finally.....

5. I would like to thank the Council for its continued co-operation during the audit. My staff and I look forward to working with Council during the year in preparation for next year's audit.