

# ANNUAL FINANCIAL STATEMENTS

Comprising Council Areas:  
Craigavon Borough Council  
Armagh City & District Council  
Newry City Council

SOAR Joint Committee

For the year ended 31st March 2015

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**Explanatory Foreword****Introduction**

The Joint Committee's financial performance for the year ended 31st March 2015 is as set out in the Comprehensive Income and Expenditure Statement and its financial position is as set out in the Balance Sheet and Cash Flow Statement.

These financial statements have been prepared in line with the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 (the Code) and the Department of the Environment Accounts Direction, Circular LG 15/15. It is the purpose of this foreword to explain, in an easily understandable way the financial facts in relation to the Joint Committee.

This Statement of Accounts explains the Joint Committee's finances during the financial year 2014/15 and its financial position at the end of that year. It follows approved accounting standards and is necessarily technical in parts.

**Group Accounts**

The Code requires Local Authorities to consider all their interests and to prepare a full set of group financial statements where they have material interests in subsidiaries, associates or joint ventures. SOAR Joint Committee does not have material interests in such bodies and accordingly is not required to prepare group financial statements.

**Financial Report**

The Financial Statements for the year ended 31st March 2015 have been prepared in line with The Code of Practice on Local Authority Accounting in The United Kingdom 2014/15 (the Code) and the Department of the Environment Accounts Direction, Circular LG 15/15. It is the purpose of this foreword to explain, in an easily understandable way the financial facts in relation to the Joint Committee for this period. However, the Financial Statements follow approved Accounting Standards and are necessarily technical in parts.

The financial statements explain the Joint Committee's finances during the financial year ended 31st March 2015 and its financial position at the end of that year.

The following statements provide further information:

- The Movement in Reserves Statement, as set out on page 17, shows the movement in the year on the different reserves held by the Joint Committee. The surplus or (deficit) on the provision of services line shows the true economic cost of providing the Joint Committee's services.
- The Comprehensive Income and Expenditure Statement, as set out on page 18, shows the income earned and the expenditure incurred during the year by the Joint Committee in accordance with generally accepted accounting practices. This includes details of funding received from Government bodies and participating Councils, together with details of administrative expenditure incurred by the Joint Committee and financial assistance provided to beneficiaries.

- The Balance Sheet, as set out on page 19, shows the value as at the Balance Sheet date of the Joint Committee's assets and liabilities. The net assets of the Joint Committee (assets less liabilities) are matched by the reserves held by the Joint Committee.
- The Cash Flow Statement, as set out on page 20, shows the changes in cash and cash equivalents of the joint committee during the reporting period. The statement shows how the Joint Committee generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

For the year ended 31st March 2015 the Joint Committee accounted for grant income of £400,448, Council contributions of £20,603 and incurred total costs of £421,051. The financial activities of the Joint Committee are wholly funded by Government Bodies and the participating Councils, therefore resulting in a Nil surplus/deficit for the year.

#### **Legislative Context for Preparation and Audit of the Financial Statements**

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 authority 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

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 1st April 2015 under Regulation 4 of the Local Government (Accounts and Audit) Regulations 2006 requires the Joint Committee to prepare accounts. These financial statements cover the period from 1st April 2014 to 31st March 2015 and have been prepared in compliance with the Direction.

#### **Post Balance Sheet Events**

##### **Local Government Reform**

From 1st April 2015, the Joint Committee will cease to exist and its functions will be transferred to the new Armagh City Banbridge & Craigavon Borough Council

Armagh City Banbridge & Craigavon Borough Council combines the previous councils of Armagh City & District Council, Banbridge District Council and Craigavon Borough Council into one new body constituted under the framework established by the Local Government Act (Northern Ireland) 2014.

Under regulation 11 of the Local Government (Transitional, Supplementary, Incidental Provisions and Modifications) Regulations (Northern Ireland) 2014, the new council will designate an officer as having responsibility for the winding up of its predecessor Joint Committees.

This designated officer will have responsibility for the preparation of final statements of account for the Joint Committee in a form directed by the Department under regulation 4 of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006.

These accounts are prepared on a going concern basis in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom.

Below is an explanation of the status of the Joint Committee as at 31st March 2015 and the arrangements for the 2015/16 financial year:

The JCC had its last meeting on 24th March 2015. The Local Action Group Ltd Company was also wound up in May 2015. The new Armagh City Banbridge and Craigavon Borough Council has agreed to set up a legacy committee of past JCC and LAG members to oversee any potential clawback or legacy issues. The Committee should be operational from September 2015.

The SOAR administration unit is operational until 30th September 2015. This unit is continuing to administer final claims and monitor 265 projects ensuring to meet their objectives.

The new Rural Development Programme 2014-2020 is set to start from May 2015 with a Service Level Agreement being issued from the Department of Agricultural and Rural Development for the animation budget to deliver the animation function of the programme. The new programme should be operational from November 2015 onwards.

**Statement of the Joint Committee's and the Chief Financial Officer's responsibilities for the Statement of Accounts****The Joint Committee's Responsibilities**

Under Section 1 of the Local Government Finance Act (Northern Ireland) 2011 a Council shall make arrangements for the proper administration of its financial affairs. A council shall designate an officer of the council as its Chief Financial Officer. Arrangements made by a council for the proper administration of its financial affairs shall be carried out under the supervision of its Financial Officer. The Joint Committee has adopted a similar arrangement and the Chief Financial Officer for the Administrative (Lead) 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.

These accounts were approved by the Audit Committee on 24th June 2015.

**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 give a true and fair view of 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 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; and
- make judgements and estimates that are reasonable and prudent.

The Chief Financial Officer is also required to:-

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

**Governance Statement****Introduction**

The Southern Organisation for Action in Rural Areas (SOAR) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. SOAR also has a duty under the 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 Committee is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

SOAR 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 Committee meets the requirements of Regulation 2A of the Local Government Accounts and Audit (Amendment) Regulations (Northern Ireland 2006) in relation to the publication of a statement on internal control.

Within its Governance Statement, SOAR is also required to state whether its financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010) as set out in the application note to the Delivering Good Governance in Local Government Framework. This document sets out five principles and SOAR complies with these principles with the exception of one (principle 5). This principle states that the Chief Financial Officer in Local Authority must be professionally qualified and suitably experienced.

Local regulations in Northern Ireland do not require the Chief Financial Officer (CFO) to be professionally qualified. Currently the Chief Executive of the Lead Council is the CFO, who is not a professionally qualified accountant. However the Council does employ professionally qualified and suitably experienced staff who support the CFO in the discharge of his responsibility, particularly in relation to provisions of sound financial advice and maintaining financial records and controls.

**The purpose of the governance framework**

The governance framework comprises the systems and processes, and culture and values, by which SOAR 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 (NIRDP) 2007-2013. It enables SOAR 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 and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Joint Committee'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 SOAR for the period ended 31 March 2015 and up to the date of approval of the financial statement.

**The Governance Framework**

The key elements of the systems and processes that comprise SOAR governance arrangements are described in the following paragraphs:

**1. Identifying and communicating SOAR's vision of its purpose and intended outcomes for citizens and service users**

The function of governance is to ensure that SOAR fulfils its purpose and achieves its intended outcomes for rate payers and service users.

SOAR identifies and communicates its vision and intended outcomes for all stakeholders through a Local Rural Development Strategy 2007-2013 which was informed by meaningful consultation with stakeholders. SOAR uses a number of communications means to present its vision including the SOAR website, news releases, public information evenings, promotional literature and directed mail shots.

**2. Reviewing SOAR's vision and its implications for SOAR's governance arrangements**

SOAR operates within a 5 year implementation plan which is reviewed on an annual basis.

SOAR has in place a sound budgetary reporting mechanism with detailed budgetary reports prepared and presented to members on a monthly basis. These are also reviewed at the monthly Programme management team meetings. SOAR also has regular Department of Agriculture & Rural Development (DARD) meetings which review the Ministerial Strategic Focus.

**3. Measuring the quality of services, for ensuring they are delivered in accordance with SOAR's 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 SOAR. These include progress reports on expenditure; projects for approval; policies and procedures to be adopted; correspondence from DARD; amendments to Letters of Offer; barriers to progress; updates on network and group meetings. Dependent on the nature of information presented SOAR decides on the appropriate action to be taken.

**4. 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 DARD and SOAR 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 SOAR. Standing Orders were developed from existing Standing Orders in place within the Lead Council and adopted by SOAR in October 2009. These set out how formal business of the Committee will be conducted including such matters as: SOAR 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 SOAR, which provide clear instructions and enable informed decision making processes.

At the local level the programme is strategically delivered by a Joint Committee (JCC) which acts as an administrative and lead financial body which enters into a contract for funding with DARD to enable implementation of the agreed local rural development strategy.

The JCC is made up of 4 members from each of the three Council areas of Craigavon, Armagh and Newry & Mourne.



The Local Action Group (LAG) is made up of 4 elected members and 7 social partner representatives from each of the three Council areas. The LAG is the decision making authority in relation to all activities, subject to JCC ratification. It is responsible for making recommendations to the JCC for disbursement of programme funds, and as such must ensure that any programme expenditure proposed is in line with the approved strategy and in conformity with the operating rules.

**5. Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff**

The individual elected Members of SOAR are bound by the Codes of Conduct from their own council. In addition the Members are bound by Standing Orders in relation to the regulation of business at the formal SOAR meetings.

In undertaking this review account has been taken of Guidance on the Local (Accounts and Audit) (Amendment) Regulations (Northern Ireland) 2006 issued by the Department of the Environment in February 2008. The Chief Executive & Town Clerk of Craigavon Borough Council leads the Council's Senior Management Team to collectively have involvement in and oversight of the processes involved in maintaining and reviewing the effectiveness of the governance framework, this includes the delivery of the Council's responsibilities as Lead Council for SOAR Joint Committee. Progress on the implementation of the JC Plan and issues arising are reviewed and reported to the Lead Partner Council by way of Council reports.

A range of policy documents also exist which provide clear instructions and enable appropriate decision making processes.

Internal Audit services are provided to the Lead Council inhouse by an Internal Audit Unit. Internal Audit provides an independent opinion on the adequacy and effectiveness of the Council's system of internal control. This extends to reviewing the arrangements in place for JC Projects, which will be reviewed on a periodic basis as part of an on-going programme of work. Internal Audit reports any deficiencies in internal control to Senior Management Team whose responsibility it is to consider any recommendations made and to take necessary remedial action. The results of the work of Internal Audit are also reported to the Lead Council's Audit Committee at least four times each year to ensure that continuous improvements take place. These reports to Audit Committee include a follow-up report to ensure that actions previously agreed by the Management Team are implemented on a timely basis.

**6. Reviewing and updating standing orders, 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 SOAR and all other policies and procedures outlining the operating and decision making process, including Standing Orders, are updated as and when required. Proposed changes require the necessary quorum to be present.

**7. 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 (NIRDP) 2007-2013 which includes the activities of SOAR. There is also a review panel in place for SOAR comprised of three members - two from SOAR and one independent member from another LAG within the NI Programme.

SOAR has not established an Audit Committee but Craigavon Borough Council (CBC) activities are subject to review by both internal and external auditors having in place an Audit Committee which meets at least four times a year - the Local Government Auditor being invited to all meetings.

It has been determined that the inclusion of "Audit & Risk Management" as a standing item on all SOAR meeting agendas will be more effective and serve a better purpose.

**8. Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful**

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

The NIRDP is subject to internal monitoring, DARD monitoring, DARD Internal Audit and EU Audit procedures. The Northern Ireland Audit Office (NIAO) will audit and certify SOAR's 2014.15 financial statements.

An internal audit of SOAR was completed in March 2015.

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

SOAR has adopted Craigavon Borough Council's policies on Whistleblowing and formal complaints.

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 where applications have been unsuccessful. The notification to unsuccessful applicants also outlines the right to request a formal review and provides a copy of the review procedures.

**10. Identifying the development needs of Members and senior officers in relation to their strategic roles, supported by appropriate training**

Regular monthly meetings are held to ensure that SOAR members and senior officers are kept up to date with issues as they emerge.

JCC and LAG members are given the opportunity to attend relevant training events on a needs basis and SOAR staff attend programme specific training, such as fraud and claims training, on an ongoing basis.

**11. Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation**

SOAR regularly communicates with key stakeholders, including the member Councils, Rural Development Council, Rural Support Networks, DARD, rural groups and social partners. This is achieved in a variety of ways for example, through the SOAR website [www.soarni.org](http://www.soarni.org) 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.

SOAR reports to DARD detailing publicity undertaken for each six month reporting period and activities planned for the subsequent reporting period.

SOAR has a corporate identity manifested in its Official Logo. This is used to brand communications and information products where appropriate, and helps stakeholders to recognise the objectives of the Partnership and therefore those of SOAR.

### **Review of Effectiveness**

SOAR 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 Lead 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:

#### **1. Elected Members**

The JCC members have reviewed, agreed and monitored a variety of policies and corporate documents and are ultimately responsible for ensuring effective arrangements are in place for SOAR to achieve its goals and objectives.

The JCC and LAG meet separately on a monthly basis.

#### **2. Senior Officers**

Senior Officers attend SOAR meetings in an advisory capacity and:

- ∅ Provide their own distinct expertise to facilitate Programme delivery
- ∅ Consider new policies and procedures
- ∅ Are involved in and oversee the enhancement of governance arrangements.

Team meetings take place on a regular basis.

#### **3. Audit Committee**

The Audit Committee provides assurance on the adequacy of the Council's risk management framework and associated control environment. It provides an independent scrutiny of the Council's financial and non-financial performance to the extent that it exposes it to risk and weakens the control environment.

Risks to the programme and to the Council as a result of the programme are identified, assessed, actions to address the risks decided upon and reported through the SOAR risk register. Risk management is a standing Audit Committee agenda item. There exists a suitable challenge to all reports presented to the Audit Committee through the external lay representative and elected members.

#### **4. Internal Audit**

The aim of AGRS is to provide an independent assurance and advisory service which will help the Council achieve its objectives and improve the effectiveness of its risk management, control and governance processes. An audit of SOAR was completed during March 2015.

#### **5. Other Assurance and review mechanisms**

SOAR's governance effectiveness is reviewed on an ongoing basis by DARD, Internal Audit, departmental and EU audit. SOAR does not have its own Internal Auditor.

### **Significant Governance Issues**

As part of the consideration of governance arrangements, SOAR is required to outline the actions taken, or proposed, to deal with significant governance issues.

#### **1. Internal Audit 2014.15**

An internal audit of Rural Development was completed in March 2015. The main objective of the audit was to ensure that administration costs were on target to be limited to a maximum equivalent to 20% of the final verified project expenditure incurred. Other objectives included ensuring administration checks carried out by SOAR on applications for support or payment claims were documented and provided adequate control and to ensure there were robust arrangements in place for the closure of the existing SOAR project.

Testing revealed that up to 31 December 2014 the ratio of administration spend to programme spend was 18.1% with the final projected programme to administration spend being around 19%.

The level of assurance given was Substantial.

**2. Risk Management**

By embracing Craigavon Borough Council's Risk Management Strategy the SOAR risk register describes in detail those risks to the programme and thus ensure a robust risk management process is in place to identify, assess, report and take actions on the identified risks.

**3. Exit Strategy**

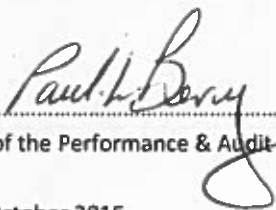
As the current Rural Development Programme 2007 – 2013 will cease on 31 March 2015 there are a number of important administration issues to be addressed to close the programme. These include financial and database management, closure and evaluation reports, equipment disposal, document security and project ongoing monitoring.

SOAR drew up an exit plan in November 2014 and work will continue up until October 2015. Most of the actions contained within the exit plan will commence after March 2015 when the final payments have been vouched.

Part of the exit strategy is to undertake a review and evaluation of the current programme and this is due to be completed by September 2015.

Signature  .....  
Chief Financial Officer

Date 26th October 2015

Signature  .....  
Chair of the Performance & Audit Committee

Date 26th October 2015

**Certificate of the Chief Financial Officer**

I certify that :-

- a) The Statement of Accounts for the financial period ended 31st March 2015 on pages 17 to 29 has been prepared in the form directed by the Department of the Environment and under the accounting policies set out on pages 21 to 22.
  
- 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

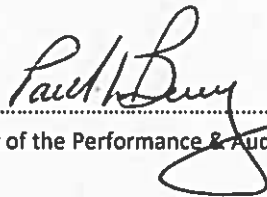
Date

26th October 2015

**Certificate of the Joint Committee Approval of the Financial Statements**

These accounts were approved by resolution of the Joint Committee on 25th June 2015.

They were subsequently amended for the non-material items referred to in the Accounts



Signature

.....  
Chair of the Performance & Audit Committee

Date

26th October 2015

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTHERN ORGANISATION FOR ACTION IN RURAL AREAS JOINT COMMITTEE**

I have audited the financial statements of Southern Organisation for Action in Rural Areas Joint Committee for the year ended 31 March 2015 under the Local Government (Northern Ireland) Order 2005. The financial statements comprise the Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet, Cash Flow Statement, and the related notes. The financial statements have been prepared under the accounting policies set out within them.

This report is made solely to the Members of Southern Organisation for Action in Rural Areas Joint Committee in accordance with the Local Government (Northern Ireland) Order 2005 and for no other purpose, as specified in the Statement of Responsibilities. Under the transitional arrangements set out in the Local Government (Transitional, Supplementary, Incidental Provisions and Modifications) Regulations Northern Ireland) 2014, the Armagh City, Banbridge and Craigavon Borough Council takes responsibility for the financial statements of the Southern Organisation for Action in Rural Areas Joint Committee.

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

As explained more fully in the Statement of Joint Committee's and Chief Financial Officer's Responsibilities, the Chief Financial Officer is responsible for the preparation of the financial statements and for being satisfied that they 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. My responsibility is to audit the financial statements in accordance with the Local Government (Northern Ireland) Order 2005 and the Local Government Code of Audit Practice. I conducted my audit in accordance with 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 financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Southern Organisation for Action in Rural Areas Joint Committee's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Southern Organisation for Action in Rural Areas Joint Committee; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Statement of Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

### **Opinion on 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 2014-15, of the financial position of Southern Organisation for Action in Rural Areas Joint Committee as at 31 March 2015 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) 2006 and the Department of the Environment directions issued thereunder.

### **Opinion on other matters**

In my opinion the information given in the Explanatory Foreword for the financial year ended 31 March 2015 is consistent with the financial statements.

### **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 2014-15;
  - does not comply with proper practices specified by the Department of the Environment; or
  - 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 accounts of Southern Organisation for Action in Rural Areas Joint Committee in accordance with the requirements of the Local Government (Northern Ireland) Order 2005 and the Local Government Code of Audit Practice.



*Louise Mason*

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

28 October 2015



**Movement in Reserves Statement**

	<b>Total Usable Reserves</b>	<b>Total Unusable Reserves</b>	<b>Total Reserves</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1st April 2013	0	0	0
<b>Movement in reserves during the year</b>			
Surplus or deficit on provision of services	0	0	0
Other Comprehensive Income and Expenditure	0	0	0
Total Comprehensive Income and Expenditure	0	0	0
At 31st March 2014	<hr/> 0	<hr/> 0	<hr/> 0
<b>Movement in reserves during the year</b>			
Surplus or deficit on provision of services	0	0	0
Other Comprehensive Income and Expenditure	0	0	0
Total Comprehensive Income and Expenditure	0	0	0
At 31st March 2015	<hr/> 0	<hr/> 0	<hr/> 0

**Comprehensive Income and Expenditure Statement**

	Notes	2014/15 £	2013/14 £
<b>Income</b>			
Government Grant	2a/2b & 4	400,448	383,635
Participating Councils	3	20,603	35,629
<b>Total Income</b>		<b>421,051</b>	<b>419,264</b>
<b>Expenditure</b>			
Staff Costs	7	312,246	327,816
Employment Expenses		5,410	2,992
Committee Member Costs		1,099	1,101
Premises Costs		13,200	13,700
Supplies and Services		47,602	43,246
Travel and Subsistence Costs		14,210	12,442
Other Payments		27,284	17,967
		<b>421,051</b>	<b>419,264</b>
Other Comprehensive Income and Expenditure		0	0
<b>Total Comprehensive Income and Expenditure</b>		<b>0</b>	<b>0</b>

**Balance Sheet**

	Notes	2015 £	2014 £
Long Term Assets		0	0
Short Term Investments		0	0
Inventories		0	0
Short Term Debtors	8	229,963	170,048
Cash and Cash Equivalents		0	0
Assets Held for Sale		0	0
<b>Current Assets</b>		<u>229,963</u>	<u>170,048</u>
Bank Overdraft		0	0
Short Term Borrowing		0	0
Short Term Creditors	9	229,963	170,048
Provisions		0	0
<b>Current Liabilities</b>		<u>229,963</u>	<u>170,048</u>
Long Term Liabilities		0	0
<b>Net Assets</b>		<u>0</u>	<u>0</u>
Usable Reserves		0	0
Unusable Reserves		0	0
<b>Net Worth</b>		<u>0</u>	<u>0</u>

<b>Cash Flow Statement</b>	<b>2014/15</b>	<b>2013/14</b>
	<b>£</b>	<b>£</b>
<b>Net (surplus) or deficit on the provision of services</b>	0	0
Adjustments for items included in the net surplus or deficit on the provision of services that are investing	10	0
<b>Net Cash Flows from Operating Activities</b>	<u>0</u>	<u>0</u>
<b>Net Cash Flows from Investing Activities</b>	0	0
<b>Net Cash Flows from Financing Activities</b>	0	0
<b>Net increase / (decrease) in cash and cash equivalents</b>	<u>0</u>	<u>0</u>
<b>Cash and Cash Equivalents at the beginning of the reporting period</b>	0	0
<b>Cash and Cash Equivalents at the end of the reporting period</b>	<u>0</u>	<u>0</u>

## **1 Accounting Policies**

### **General Principles**

The Financial Statements summarise the Joint Committee's transactions for the 2014/15 financial year and its position at the end of 31st March 2015. The Joint Committee is required to prepare annual Financial Statements in a form directed by the Department of the Environment in accordance with regulations 4 (1) and (2) in the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006 in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and the Service Reporting Code of Practice 2014/15 supported by International Financial Reporting Standards (IFRS).

### **Accruals of Income and Expenditure**

The Financial Statements have been prepared on an accruals basis. The accruals basis of accounting requires the non-cash effect of transactions to be reflected in the Financial Statements for the year in which those effects are experienced and not in the year in which the cash is actually received or paid. This ensures that provision has been made for known outstanding debtors and creditors at the year end, estimated amounts being used where actual figures are not available.

### **Employee Benefits**

Short-term employee benefits payable during employment, such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees, are recognised as an expense in the year in which employees render service to the Joint Committee. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end and which employees can carry forward into the next financial year.

### **Post Employment Benefits**

Employees of the Joint Committee are members of the Craigavon Borough Council pension scheme administered by NILGOSC. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Joint Committee.

### **Events After The Balance Sheet Date**

Events after the balance sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect disclosure is made in the notes of the nature of the events and their estimated financial effect.

The financial statements may subsequently be adjusted up to the date when they are authorised for issue. This date will be recorded on the financial statements and is usually the date the Local Government Auditor issues his certificate and opinion. Where material adjustments are made in this period they will be disclosed.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

The Chief Financial Officer of the lead council is responsible for the preparation, signing and dating of the statement of accounts for the Joint Committee. Since the lead council ceases on 31 March 2015, Regulation 9 of the Local Government (Transitional, Supplementary, Incidental Provisions and Modifications) Regulations (Northern Ireland) 2014 provides that the activities of the lead council will be continued by the new council i.e. that council in which the lead council was a predecessor council. As such, for the purpose of complying with the requirements of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006, the attached Direction will require that the Chief Financial Officer should be that of the new council. Regulation 1(2) of the Local Government (Transitional, Supplementary, Incidental Provisions and Modifications) Regulations (Northern Ireland) 2014 notes that, in relation to a new council, an existing council is a "predecessor council" if the whole or the major part of the district of the existing council is, in accordance with section 1 of the Local Government Act (Northern Ireland) 1972 as in force immediately prior to the making of the Local Government (Boundaries) (2008 Act) (Commencement, Transitional Provision and Savings) Order (Northern Ireland) 2013, to be incorporated in the district of the new council.

As required by regulation 5 of the Local Government (Accounts and Audit) Regulations (NI) 2006, Rural Development Joint Committees have until 30 June 2015 to approve their statement of accounts, and that approval must be given by a resolution of a committee of the Joint Committee or the members of the Joint Committee meeting as a whole. As noted in LG 21/15, given that it is anticipated that the role of the Rural Development Joint Committees will end on 31 March 2015, the statement of accounts shall be approved by a resolution of a committee of the new council or by a resolution of the members of the new council meeting as a whole.

**SOAR Joint Committee**  
**Financial Statements**

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**2a Segmental Report - Current Year**

	SOAR Joint	
	Committee	Total
	£	£
Income from Participating Councils	20,603	20,603
Government Grants	400,448	400,448
<b>Total Income</b>	<b>421,051</b>	<b>421,051</b>
Staff Costs	312,339	312,339
Employment Expenses	5,410	5,410
Committee Member Costs	1,099	1,099
Premises Costs	13,200	13,200
Supplies and Services	47,509	47,509
Travel and Subsistence Costs	14,210	14,210
Administration Costs	27,284	27,284
<b>Total Expenditure</b>	<b>421,051</b>	<b>421,051</b>
<b>Total Comprehensive Income and Expenditure</b>	<b>0</b>	<b>0</b>

## SOAR Joint Committee Financial Statements

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### 2b Segmental Report - Prior Year

	SOAR Joint Committee	Total
	£	£
Income from Participating Councils	35,629	35,629
Government Grants	383,635	383,635
<b>Total Income</b>	<b>419,264</b>	<b>419,264</b>
Staff Costs	327,816	327,816
Employment Expenses	2,992	2,992
Committee Member Costs	1,101	1,101
Premises Costs	13,700	13,700
Supplies and Services	43,246	43,246
Travel and Subsistence Costs	12,442	12,442
Administration Costs	17,967	17,967
<b>Total Expenditure</b>	<b>419,264</b>	<b>419,264</b>
<b>Total Comprehensive Income and Expenditure</b>	<b>0</b>	<b>0</b>



**SOAR Joint Committee**

**Financial Statements**

**For the year ended 31st March 2015**

<b>3 Income from Participating Councils</b>	<b>2014/15</b>	<b>2013/14</b>
	<b>£</b>	<b>£</b>
SOAR Joint Committee	20,603	35,629
	<b>20,603</b>	<b>35,629</b>

<b>4 Government Grants</b>	<b>2014/15</b>	<b>2013/14</b>
	<b>£</b>	<b>£</b>
SOAR Joint Committee	400,448	383,635
	<b>400,448</b>	<b>383,635</b>

**5 Financial payments to beneficiaries**

*In the 2014-15 financial year, the Joint Committee recommended the following payments to DARD to be paid to beneficiaries under Axis 3 of the Rural Development Programme.*

	<b>2014/15</b>	<b>2013/14</b>
	<b>£</b>	<b>£</b>
Measure 3.1 Diversification into non-Agricultural activities	863,840	900,226
Measure 3.2 Business Creation and Development	0	73,082
Measure 3.3 Encouragement of Tourism Activities	626,782	283,502
Measure 3.4 Basic Services for the Economy and Rural Population	2,239,732	1,743,489
Measure 3.5 Village Renewal and Development	1,238,054	0
Measure 3.6 Conservation and upgrading the Rural Heritage	228,858	281,039
	<b>5,197,266</b>	<b>3,281,338</b>

<b>6 External Audit Fees</b>	<b>2014/15</b>	<b>2013/14</b>
	<b>£</b>	<b>£</b>
External Audit Fees	3,500	3,500
	<b>3,500</b>	<b>3,500</b>

<b>7 Staff Costs</b>		<b>2014/15</b>	<b>2013/14</b>
		£	£
Salaries		251,595	266,160
National Insurance		13,278	15,372
Pension Costs		47,373	46,284
		<b>312,246</b>	<b>327,816</b>
		<b>2014/15</b>	<b>2013/14</b>
		FTE	FTE
Total Staff Numbers		6	6
		<b>Actual</b>	<b>Actual</b>
		<b>Numbers</b>	<b>Numbers</b>
Full-time numbers employed		5	5
Part-time numbers employed		3	2
		<b>8</b>	<b>7</b>
<b>8 Short Term Debtors</b>		<b>2015</b>	<b>2014</b>
		£	£
Government Departments		229,963	170,048
		<b>229,963</b>	<b>170,048</b>
<b>9 Short Term Creditors</b>		<b>2015</b>	<b>2014</b>
		£	£
Councils		226,463	166,548
Other		3,500	3,500
		<b>229,963</b>	<b>170,048</b>
<b>10 Cash Flow Note – Analysis of Adjustments to Surplus/Deficit on the Provision of Services</b>	<b>Note</b>	<b>2014/15</b>	<b>2013/14</b>
		£	£
(Increase) / decrease in debtors	<b>8</b>	(59,915)	56,393
Increase / (decrease) in creditors	<b>9</b>	59,915	(56,393)
		<b>0</b>	<b>0</b>

**11 Related Party Transactions**

A Related Party Transaction is a transfer of resources or obligations between related parties, regardless of whether a price is charged. Related Party Transactions exclude transactions with any other entity that is a related party solely because of its economic dependence on the Joint Committee or the Government of which it forms part.

A related party is one that has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes cases where the related party entity and another entity are subject to common control but excludes providers of finance in the course of their normal business with the Joint Committee and Trade Unions in the course of their normal dealings with the Joint Committee.

In addition where the relationship with the Joint Committee and the entity is solely that of an Agency, these are not deemed to be Related Party Transactions.

Under the regulations of the NIRDP and in the general terms of good practice a register of declarations of interest is required to be kept and signed on an annual basis. When a member declares a conflict of interest that member is required to remove themselves from any discussion or decisions in relation to that particular body. This is to ensure that the member cannot influence decisions in any way that may be to his or her advantage. It is necessary to reassure the public that all decision making is fair and above board. Finally, it acts as a protection to the member against any possible allegation that he or she may have used their position to their advantage.

Below is a list of organisations/groups with the associated amount of grant that has been paid out in the 2014/15 financial year along with a list of members that declared a conflict of interest and hence did not take part in any discussion or decision relating to that organisation/group.

Name of Organisation Group	Amount of Grant Paid £	Name of Member
CBC Bleary Creative Community Centre	330,280	Cllr K Savage Cllr G Savage Cllr J Nelson Cllr D McAlinden Cllr P Duffy Alderman Crozier
CBC Recreational Provision Bleary Old Sch	3,184	Cllr K Savage Cllr J Nelson
Ballyholland Dev Association	561,213	Cllr T Hearty Cllr H Reilly Cllr R Mulgrew Cllr D McAteer Cllr G Donnelly Cllr M Murphy Cllr S Ennis
ACDC Tandragee Amenity Initiative	397,800	Cllr T O'Hanlon Cllr G Kennedy Cllr G Wilson Cllr G Mallon Cllr J Speers

Extension to Crossmaglen CC	379,426	Cllr L McIlwrath Cllr T Hearty Cllr R Mulgrew Cllr H Reilly Cllr D McAteer Cllr G Donnelly Cllr M Murphy Cllr S Ennis
Culloville Dev Association	954,740	Cllr T Hearty Cllr R Mulgrew Cllr H Reilly Cllr D McAteer Cllr M Murphy Cllr G Donnelly Cllr S Ennis
NMDC Village Plans	105,239	Cllr T Hearty Cllr D McAteer
NMDC Marketing Destination Mourne	108,664	Cllr T Hearty Cllr D McAteer
ACDC Seagahan Dam	47,953	Cllr T O'Hanlon Cllr G Kennedy Cllr G Wilson Cllr G Mallon Cllr L McIlwrath
ACDC Armagh Bramley	47,953	Cllr T O'Hanlon Cllr G Kennedy Cllr G Wilson Cllr G Mallon Cllr L McIlwrath
NMDC Bloody Bridge Amenity Area	42,126	Cllr T Hearty Cllr D McAteer
ACDC Keady Glen	250,000	Cllr T O'Hanlon Cllr G Kennedy Cllr G Wilson Cllr G Mallon
CBC Southern Loughshore Trail	41,161	Cllr G Savage Cllr J Nelson
ACDC Re-Imaging Rural Villages	176,516	Cllr T O'Hanlon Cllr G Kennedy Cllr G Wilson
Anthony McArdle	50,000	Cllr R Mulgrew
NMDC Annalong Cornmill	125,117	Cllr T Hearty Cllr R Mulgrew Cllr D McAteer
ACDC Keady Glen	250,000	Cllr G Kennedy Cllr G Wilson

NMDC Magical Mourne & Narnia	55,726	Cllr T Hearty Cllr R Mulgrew
ACDC Historic Graveyards	54,926	Cllr G Kennedy Cllr G Wilson
CBC Craigavon Villages	76,227	Cllr J Nelson Cllr K Savage
CBC Southern Loughshore Way	113,248	Cllr J Nelson
Aghagallon Community Centre	250,000	Cllr J Nelson
Burren Community Association	84,365	Cllr D McAteer
Sarsfields GFC	178,740	Cllr D McAlinden

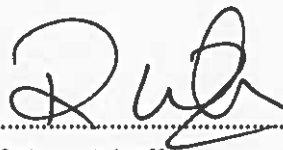
### Accounts Authorised for the Issue Certificate

In accordance with International Accounting Standard (IAS 10) this Statement of Accounts which contains amendments which are not material from the Accounts approved on 25th June 2015 is at today's date hereby authorised for issue.

IAS 10 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



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Chief Financial Officer

Dated:

26th October 2015