

# Audit and Risk Committee Annual Report 2022/23

For presentation to: Council  
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# Contents

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**1** Introduction

**2** Activities in respect of 2022/23

**3** Conclusion

Appendices

## 1. Introduction

### Summary of the role of the Audit and Risk Committee

The Audit and Risk Committee is a formally constituted Committee of the Council and is a key component of Antrim and Newtownabbey Borough Council's corporate governance framework. It provides an independent and high-level focus on the audit, scrutiny, assurance and reporting arrangements that underpin good governance and financial standards.

The purpose of the Audit and Risk Committee is to provide independent assurance on the adequacy of the risk management framework and the internal control environment. It provides independent review of Antrim and Newtownabbey Borough Council's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It also oversees Internal Audit and considers the reports and recommendations of external audit, helping to ensure efficient and effective assurance arrangements are in place.

The core functions of the Audit and Risk Committee are summarised in a Terms of Reference, which describe the arrangements in place to enable it to operate independently, robustly and effectively. These core functions are split into the following key areas of responsibility:

- Governance, risk and control
- Internal Audit and External Audit
- Financial reporting
- Performance improvement
- Accountability arrangements

The Terms of Reference of the Audit and Risk Committee are included in [Appendix 1](#).

## 1. Introduction

### Composition of the Audit and Risk Committee

Members of the Audit and Risk Committee are appointed each year at the Annual Meeting. The Audit and Risk Committee membership for 2022/23 comprised:

- Councillor A Bennington (Chair)
- Councillor R Wilson (Vice-Chair)
- Councillor B Webb
- Councillor M Goodman
- Councillor B Mallon
- Councillor J Montgomery
- Mrs G Nesbitt (Independent Member)

In addition to the Committee Members attending the Audit and Risk Committee, the following Non-Committee Members attended throughout the year:

- Councillor A McAuley (June 2022)
- Councillor M Brady (March 2023)

## 1. Introduction

### Other Attendees

The following officers and other individuals attended meetings of the Audit and Risk Committee:

- Director of Finance and Governance
- Director of Organisation Development
- Director of Corporate Strategy
- Deputy Director of Finance
- Head of Internal Audit
- Head of Finance
- Deputy Director of Performance and Governance
- Performance and Transformation Manager
- Audit and Risk Officer
- PA to Director of Finance and Governance
- Head of ICT
- Member Services Manager
- Member Services Officer
- ICT System Support Officers
- Representatives of External Audit (NIAO, ASM)

## 1. Introduction

### Meetings

The Audit and Risk Committee met four times during 2022/23, as follows:

- 21 June 2022
- 20 September 2022
- 13 December 2022
- 21 March 2023

### Governance / Accountability Arrangements

The Council is kept informed of the work of the Audit and Risk Committee through the presentation and approval / ratification of the Minutes of each meeting.

For 2022/23, the Audit and Risk Committee has considered its own effectiveness, including an assessment of good practice. The Audit and Risk Committee used the principles and guidance set out in The Chartered Institute of Public Finance and Accountancy's (CIPFA) Audit Committee – Practical Guidance for Local Authorities and Police 2018.

In February 2023, Members of the Audit and Risk Committee undertook a self-assessment review of the performance of the Committee during 2022/23. This self assessment was completed using the CIPFA 'Self-Assessment of Good Practice' and 'Evaluating the Effectiveness of the Audit Committee' checklists.

The Audit and Risk Committee approved the results of this review in March 2023 and the reporting of those results, along with this Annual Report, to the June 2023 Council meeting.

## 2. Activities in Respect of 2022/23

The Audit and Risk Committee undertook the following activities in respect to its Terms of Reference during 2022/23:

### Governance, risk and control

- Throughout the year:
  - Considered concerns raised and other investigations as reported to the Committee.
  - Reviewed and considered the quarterly update reports on the development and changes of the Council's Corporate Risk Register.
- In June 2022:
  - Reviewed and approved the Review of the Effectiveness of the System of Internal Control for 2021/22.
  - Reviewed the draft 2021/22 Annual Governance Statement.
- In September 2022:
  - Reviewed and approved the final 2021/22 Annual Governance Statement.
  - Reviewed and considered the Comptroller and Auditor General's report on the National Fraud Initiative 2020.
  - Reviewed and considered a report on the Council's participation in the National Fraud Initiative 2022.
  - Considered a report on Cyber Security arrangements.
  - Considered an update report on Managing Attendance.

## 2. Activities in Respect of 2022/23

- In December 2022:
  - Considered a report on the Time Management System.
  - Considered a report on Post Project Evaluations.
- In March 2023:
  - Reviewed and considered a report on the Council's methodology for the National Fraud Initiative 2022.
  - Considered an update report on Post Project Evaluations.
  - Considered the revised Risk Management Strategy.

### Internal Audit

- At each meeting:
  - Received and reviewed Internal Audit Update Reports, including a summary of progress against the plan, recommendations arising from reviews undertaken and progress made in the implementation of recommendations.
  - Monitored the Quality Assurance and Improvement Programme progress for 2022/23.
- In June 2022:
  - Reviewed the Internal Audit Annual Report 2021/22.
  - Considered the results of the Quality Assurance and Improvement Programme (QAIP) for 2021/22 (as part of the Internal Audit Annual report).



## 2. Activities in Respect of 2022/23

- In March 2023:
  - Reviewed and approved the Internal Audit Strategy and Audit Plan 2022/23, including the 2022/23 Quality Assurance and Improvement Programme and Internal Audit Charter.

### External Audit

Engaged with the External Auditors throughout the year, including review and consideration of the:

- In September 2022:
  - Draft Report to Those Charged with Governance 2021/22.
- In December 2022:
  - Annual Audit Letter 2021/22.
  - Final Report to Those Charged with Governance 2021/22.
  - Report to Those Charged with Governance 2021/22 Action Plan.
  - Changes to Audit Approach for 2022/23 Audit Cycle.
- In March 2023:
  - Audit of 2022/23 Statement of Accounts - Audit Strategy.

## 2. Activities in Respect of 2022/23

### Financial Reporting

- In June 2022, reviewed the 2021/22 Antrim and Newtownabbey Borough Council Financial Statements prior to submission for external audit.
- In September 2022, reviewed and approved the audited Financial Statements for Antrim and Newtownabbey Borough Council for the Year Ended 31 March 2022.

### Performance Improvement

- Throughout the year:
  - Considered the quarterly progress updates presented on the Council's Corporate Recovery and Improvement Plan 2022/23.
- In June 2022:
  - Considered the Councils' Corporate Recovery and Improvement Plan 2021-23
- In September 2022:
  - Considered the 2021/22 Annual Self-Assessment Report on Performance.
- In December 2022:
  - Considered the Performance Improvement Audit and Assessment Report 2022/22
  - Considered the revised Performance Governance Arrangements 2022/23.

## 2. Activities in Respect of 2022/23

### Accountability Arrangements

- The Minutes of each Audit and Risk Committee are presented to, considered and approved / ratified by Full Council.
- At each Committee, considered the progress of Actions agreed at previous Audit and Risk Committees.
- In June 2022:
  - Considered the Audit and Risk Committee Annual Report for 2021/22 and agreed to report to the June 2022 Council meeting.
- In December 2022:
  - Agreed the approach for the 2022/23 Review of the Effectiveness of the Audit and Risk Committee.
- In March 2023:
  - Agreed the results of the 2022/23 Review of the Effectiveness of the Audit and Risk Committee and approved the reporting of the results to the June 2023 Council meeting.

## 3. Conclusion

The Audit and Risk Committee considers that for the 2022/23 financial year, it has discharged its responsibilities in full as set out in the Audit and Risk Committee Terms of Reference [Appendix 1](#).

The Committee's view of the effectiveness of the system of internal control is informed by the assurances provided through the work of the Internal Auditors, the External Auditors in their Report to those Charged with Governance, and by the work of the Chief Executive and the Corporate Leadership Team who have responsibility for the development and maintenance of the internal control framework.

The Committee is satisfied that throughout the year there was ongoing progress made in relation to internal audit recommendations made by Internal Audit and that management had due regard to the recommendations that had been made.

The Committee is satisfied that the System of Internal Control in operation throughout the year is satisfactory and that there have been no material breaches of internal control brought to the attention of the Committee by either management and / or Internal / External Audit.

The Committee is satisfied that there are effective risk management processes and procedures in place.

The Committee is satisfied that both the Internal Auditors and the External Auditors provide effective independent challenge to management.

# Appendices

Appendix 1: Audit and Risk Committee Terms of Reference

## Appendix 1: Audit and Risk Committee Terms of Reference

### Statement of purpose

The Audit and Risk Committee is a key component of Antrim and Newtownabbey Borough Council's corporate governance framework. It provides an independent and high-level focus on the audit, scrutiny, assurance and reporting arrangements that underpin good governance and financial standards.

The purpose of the Audit and Risk Committee is to provide independent assurance to Those Charged with Governance (i.e. Members) of the adequacy of the risk management framework and the internal control environment. It provides independent review of Antrim and Newtownabbey Borough Council's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees Internal Audit and considers the reports and recommendations of external audit, helping to ensure efficient and effective assurance arrangements are in place.

These Terms of Reference summarise the core functions of the Audit and Risk Committee and describe the arrangements in place to enable it to operate independently, robustly and effectively.

### Responsibilities

The Audit and Risk Committee has the following responsibilities:

#### Governance, Risk and Control

- To review the Council's corporate governance arrangements against the good governance framework<sup>1</sup>, including the ethical framework and consider annual governance reports and assurances.
- To review the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account Internal Audit's opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.

<sup>1</sup> CIPFA / SOLACE – Delivering Good Governance in Local Government: Framework 2016

## Appendix 1: Audit and Risk Committee Terms of Reference

- To consider the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
- To consider the Council's framework of assurance and ensure that it adequately addresses the risks and priorities of the Council.
- To monitor the effective development and operation of risk management in the Council.
- To monitor progress in addressing risk-related issues reported to the Committee.
- To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
- To review the assessment of fraud risks and potential harm to the Council from fraud and corruption.
- To monitor the counter-fraud strategy, actions and resources.

### Internal Audit

- To approve the Internal Audit Charter.
- To review proposals made in relation to the appointment of external providers of Internal Audit services and to make recommendations.
- To approve the risk-based Internal Audit plan, including Internal Audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.
- To approve significant interim changes to the risk-based Internal Audit plan and resource requirements.
- To make appropriate enquiries of both management and the Head of Internal Audit to determine if there are any inappropriate scope or resource limitations.

## Appendix 1: Audit and Risk Committee Terms of Reference

- To commission work from Internal Audit.
- To consider any impairments to the independence or objectivity of the Head of Internal Audit arising from additional roles or responsibilities outside of the role of internal audit. To approve and periodically review safeguards to limit such impairments.
- To consider reports from the Head of Internal Audit on Internal Audit's performance during the year, including the performance of external providers of Internal Audit services. These will include:
  - Updates on the work of Internal Audit, including key findings, issues of concern and action in hand as a result of audit work.
  - Regular reports on the results of the Quality Assurance and Improvement Programme.
  - Reports on instances where the Internal Audit function does not conform to the Public Sector Internal Audit Standards and Local Government Application Note, considering whether non-conformance is significant enough that it must be included in the Annual Governance Statement.
- To consider the Head of Internal Audit's annual report:
  - The statement of the level of conformance with the Public Sector Internal Audit Standards and Local Government Application Note and the results of the Quality Assurance and Improvement Programme that supports the statement.
  - The opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control together with the summary of the work supporting the opinion.
- To consider summaries of the specific audit reports as requested.



## Appendix 1: Audit and Risk Committee Terms of Reference

- To receive reports outlining the action taken where the Head of Internal Audit has concluded that management has accepted a level of risk that may be unacceptable to the Council or there are concerns about progress with the implementation of agreed actions.
- To contribute to the Quality Assurance and Improvement Programme and in particular, to the external quality assessment of Internal Audit that takes place at least once every five years.
- To consider a report on the effectiveness of Internal Audit to support the Annual Governance Statement, where required to do so by the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015.
- To support the development of effective communication with the Head of Internal Audit.
- To provide free and unfettered access to the Chair of the Audit and Risk Committee for the Head of Internal Audit, including the opportunity for a private meeting with the Committee.

### External Audit

- To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.
- To consider specific reports as agreed with the external auditor.
- To comment on the scope and depth of external audit work and to ensure it gives value for money.
- To commission work from external audit.
- To advise and recommend on the effectiveness of relationships between external and Internal Audit and other inspection agencies or relevant bodies.

## Appendix 1: Audit and Risk Committee Terms of Reference

### Financial Reporting

- To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from audit that need to be brought to the attention of the Council.
- To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

### Performance Improvement

- To review the statutory arrangements in place to secure continuous improvement of Council functions, providing assurance that such arrangements are operating effectively.
- To consider the quarterly Corporate Improvement Plan update reports, which will provide a progress update on the achievement of the Corporate Improvement Objectives.
- To consider the external auditor's report on issues arising from the annual Improvement Audit and Assessment engagement.

### Accountability Arrangements

- To report to those charged with governance on the Committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks; financial reporting arrangements, and internal and external audit functions.
- To report to full Council on a regular basis on the Committee's performance in relation to the terms of reference and the effectiveness of the Committee in meeting its purpose.
- To publish an annual report on the work of the Committee.

## Appendix 1: Audit and Risk Committee Terms of Reference

### Membership

The composition of the Audit and Risk Committee is key in achieving the characteristics<sup>2</sup> of a good Audit Committee. These characteristics are:

- A membership that is balanced, objective, independent of mind, knowledgeable and properly trained to fulfil their role.
- A membership that is supportive of good governance principles and their practical application towards the achievement of organisational objectives.
- A strong independently minded chair – displaying a depth of knowledge, skills and interest.
- Unbiased attitudes – treating auditors, the Council and management fairly.
- The ability to challenge the Council and senior management when required.

### Meetings

A quorum for the Audit and Risk Committee will be in line with Section 7 (1) of the Council's Standing Orders.

*“The quorum for Council, Committee and Sub Committee meetings be one-quarter of the whole number of members of the Council, Committee and Sub Committee...”*

The Audit and Risk Committee will meet at least four times a year and will normally be attended by the Chief Executive, the Director of Finance and Governance, the Deputy Director of Finance, the Deputy Director of Performance and Governance and the Head of Internal Audit.

A representative of the Northern Ireland Audit Office will also be invited to attend.

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<sup>2</sup> CIPFA – Audit Committees Practical Guidance for Local Authorities and Police (2018)

## Appendix 1: Audit and Risk Committee Terms of Reference

The Audit and Risk Committee may ask any other officer of the Council to attend to assist it with any discussions on a particular matter.

### Access

The Head of Internal Audit and the representative of the Northern Ireland Audit Office will have free and confidential access to the Chair of the Audit and Risk Committee.