

# Audit and Risk Committee Annual Report 2023/24

For presentation to: Council  
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## 1. Introduction

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

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, assurance and reporting arrangements that underpin good governance and financial standards.

The purpose of the Audit and Risk Committee is "to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. The Committee's role in ensuring there is sufficient assurance over governance risk and control, gives greater confidence to all those charged with governance that those arrangements are effective.

The Committee has oversight of both internal and external audit together with the financial and governance reports, helping to ensure that there are adequate arrangements in place for both internal challenge and public accountability."

The core functions of the Audit and Risk Committee are summarised in a Terms of Reference [Appendix 1](#), which describe the arrangements in place to enable it to operate independently, robustly and effectively. These core functions fall into three categories:

#### 1. Maintenance of governance, risk and control arrangements

- Support a comprehensive understanding of governance across the Council and among all those charged with governance, fulfilling the principles of good governance.
- Consider the effectiveness of the Council's risk management arrangements. Understand the risk profile of the Council and seek assurances that active arrangements are in place on risk-based issues.
- Monitor the effectiveness of the system of internal control, including arrangements for financial management, ensuring value for money, supporting standards and ethics and managing the Council's exposure to the risks of fraud and corruption.

## 1. Introduction

### 2. Financial and governance reporting

- Be satisfied that the Council's accountability statements, including the annual governance statement, properly reflect the risk environment, and any actions required to improve it, and demonstrate how governance supports the achievement of the Council's objectives.
- Support the maintenance of effective arrangements for financial reporting and review the statutory statements of account and any reports that accompany them.

### 3. Establishing appropriate and effective arrangements for audit and assurance

- In relation to the Council's internal audit functions:
  - Oversee its independence, objectivity, performance and conformance to professional standards;
  - Support effective arrangements for internal audit; and
  - Promote the effective use of internal audit within the assurance framework
- Consider the opinion, reports and recommendations of external audit and their implications for governance, risk management or control, and monitor management action in response to the issues raised by external audit.
- Contribute to the operations of efficient and effective external audit arrangements, supporting the independence of auditors and promoting audit quality.
- Consider the arrangements in place to secure adequate assurance across the Council's full range of operations and collaborations with other entities.
- Support effective relationships between the Council and all providers of assurance, audits and inspections, encouraging openness to challenge, review and accountability.

## 1. Introduction

In addition to the core functions, the Audit and Risk Committee also has responsibility for:

### Performance Improvement

- Review the adequacy and suitability of arrangements in place to secure continuous improvement of Council functions, providing assurance that such arrangements are operating effectively.
- Consider the quarterly Corporate Improvement Plan update reports, which will provide a progress update on the achievement of the Corporate Improvement Objectives.
- Consider the External Auditor's report on issues arising from the annual Improvement Audit and Assessment engagement.

## 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 2023/24 comprised:

- Councillor M Goodman (Chair)
- Councillor B Mallon (Vice-Chair)
- Alderman M Magill
- Councillor A Bennington
- Councillor A McAuley
- Councillor S Wilson
- Mrs G Nesbitt (Independent Member)

### Non Committee Member Attendance

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

- Councillor B Webb (September 2023; December 2023; March 2024)

## 1. Introduction

### Other Attendees

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

- Chief Executive
- Director of Organisation Development
- Director of Finance and Governance
- Director of Corporate Strategy
- Deputy Director of Finance
- Head of Internal Audit
- Head of Organisation Development
- Head of ICT
- Borough Lawyer and Head of Legal
- Lead Human Resources Manager
- Audit and Risk Officer
- Member Services Officer
- ICT System Support Officers
- Representatives of the Northern Ireland Audit Office

## 1. Introduction

### Meetings

The Audit and Risk Committee met three times during 2023/24, as follows:

- 19 September 2023
- 12 December 2023
- 20 March 2023

Due to the Local Government Elections in May 2023, Council agreed that Committee meetings in June 2023 would not be held. Annual reports which would have been brought to Committee in June 2023 were provided to Committee Members by way of email.

### Governance / Accountability Arrangements

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 2023/24, 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 2022.

In February 2024, Members of the Audit and Risk Committee undertook a self-assessment review of the performance of the Committee during 2023/24. 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 outcomes of this review in March 2024 and the reporting of those outcomes, along with this Annual Report, to the June 2024 Council meeting.



## 2. Activities in Respect of 2023/24

The Audit and Risk Committee undertook the following activities in respect to its Terms of Reference during 2023/24:

### 1. Governance, risk and control

- Throughout the year:
  - Considered the progress of Actions agreed at previous Audit and Risk Committees.
  - Reviewed and considered the quarterly update reports on the development and changes of the Council's Corporate Risk Register.
  - Considered concerns raised and other investigations as reported to the Committee.
- In June 2023 (by email):
  - Reviewed the Review of the Effectiveness of the System of Internal Control for 2022/23.
- In September 2023:
  - Reviewed and approved the Audit and Risk Committee Terms of Reference
  - 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 Post Project Evaluations.
  - Considered a report proposing attendance on the NIAO / NILGA training for Audit Committee members.

## 2. Activities in Respect of 2023/24

- In December 2023:
  - Agreed the approach for the 2023/24 Review of the Effectiveness of the Audit and Risk Committee.
  - Considered the updated Code of Governance.
  - Considered an update report on Managing Attendance.
  - Considered an update report on Post Project Evaluations.
  - Considered a report on the recruitment of a new Independent Member for the Audit and Risk Committee.
- In March 2024
  - Agreed the outcomes of the 2023/24 Review of the Effectiveness of the Audit and Risk Committee and approved the reporting of the outcomes to the June 2024 Council meeting.
  - Considered an update report on Managing Attendance.
  - Considered an update report on the recruitment of a new Independent Member for the Audit and Risk Committee.

### 2. Financial and Governance Reporting

- In June 2023 (by email):
  - Considered the draft 2022/23 Annual Governance Statement.

## 2. Activities in Respect of 2023/24

- In September 2023:
  - Reviewed and approved the final 2022/23 Annual Governance Statement.
  - Reviewed and approved the audited Financial Statements for Antrim and Newtownabbey Borough Council for the Year Ended 31 March 2023.

### 3. Appropriate and Effective Arrangements for Audit and Assurance

- Throughout the year:
  - Considered Internal Audit Update Reports, including a summary of progress against the plan, actions arising from reviews undertaken and progress made in the implementation of actions.
  - Monitored the Quality Assurance and Improvement Programme progress for 2023/24.
- In June 2023 (by email):
  - Considered the Internal Audit Annual Report 2022/23.
- In September 2023:
  - Considered the NIAO draft Report to Those Charged with Governance 2022/23.
- In December 2023:
  - Considered the NIAO final Report to Those Charged with Governance 2022/23.
  - Considered the NIAO Annual Audit Letter 2022/23.

## 2. Activities in Respect of 2023/24

- In March 2024:
  - Reviewed and approved the Internal Audit Strategy and Audit Plan 2024/25, including the 2024/25 Quality Assurance and Improvement Programme and Internal Audit Charter.
  - Considered the Local Government Auditor Report 2023.
  - Considered the NIAO Audit of 2023/24 Statement of Accounts - Audit Strategy.

### 4. Performance Improvement

- Throughout the year:
  - Considered the quarterly progress updates presented on the Council's Corporate Performance and Improvement Plan 2023/24.
- In September 2023:
  - Considered the 2022/23 Annual Self-Assessment Report on Performance.
- In December 2023:
  - Considered the Performance Improvement Audit and Assessment Report 2023/24.
  - Considered the Performance Governance Arrangements 2023/24.

### 5. Accountability Arrangements

- The Minutes of each Audit and Risk Committee are presented to, considered and approved / ratified by Full Council.

## 3. Conclusion

The Audit and Risk Committee considers that for the 2023/24 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 control actions agreed with Internal Audit and that management had due regard to the implementation of these actions.

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, assurance and reporting arrangements that underpin good governance and financial standards.

The purpose<sup>1</sup> of the Audit and Risk Committee is:

*"To provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. The committee's role in ensuring there is sufficient assurance over governance risk and control, gives greater confidence to all those charged with governance that those arrangements are effective.*

*The Committee has oversight of both internal and external audit together with the financial and governance reports, helping to ensure that there are adequate arrangements in place for both internal challenge and public accountability."*

The CIPFA 2022 Position Statement sets out the core functions of the Audit and Risk Committee, with the Terms of Reference summarising these functions, describing the arrangements in place to enable the Committee to operate independently, robustly and effectively.

### Core Functions of the Audit and Risk Committee

The core functions of the Audit and Risk Committee fall into three categories:

#### 1. Maintenance of governance, risk and control arrangements

- Support a comprehensive understanding of governance across the Council and among all those charged with governance, fulfilling the principles of good governance.

<sup>1</sup> CIPFA – Audit Committees Practical Guidance for Local Authorities and Police (2022)

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

- Consider the effectiveness of the Council's risk management arrangements. Understand the risk profile of the Council and seek assurances that active arrangements are in place on risk-based issues.
- Monitor the effectiveness of the system of internal control, including arrangements for financial management, ensuring value for money, supporting standards and ethics and managing the Council's exposure to the risks of fraud and corruption.

### 2. Financial and governance reporting

- Be satisfied that the Council's accountability statements, including the annual governance statement, properly reflect the risk environment, and any actions required to improve it, and demonstrate how governance supports the achievement of the Council's objectives.
- Support the maintenance of effective arrangements for financial reporting and review the statutory statements of account and any reports that accompany them.

### 3. Establishing appropriate and effective arrangements for audit and assurance

- In relation to the Council's internal audit functions:
  - Oversee its independence, objectivity, performance and conformance to professional standards;
  - Support effective arrangements for internal audit; and
  - Promote the effective use of internal audit within the assurance framework
- Consider the opinion, reports and recommendations of external audit and their implications for governance, risk management or control, and monitor management action in response to the issues raised by external audit.
- Contribute to the operations of efficient and effective external audit arrangements, supporting the independence of auditors and promoting audit quality.



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

- Consider the arrangements in place to secure adequate assurance across the Council's full range of operations and collaborations with other entities.
- Support effective relationships between the Council and all providers of assurance, audits and inspections, encouraging openness to challenge, review and accountability.

### Responsibilities

The Audit and Risk Committee has the following responsibilities:

#### 1. Maintenance of governance, risk and control arrangements

##### Good Governance

- Review the Code of Governance and any changes to the arrangements in year.
- Ensure that a framework of assurance underpins the Annual Governance Statement.
- Over the course of the year, receive reports and assurances over the application of the governance arrangements.
- Monitor implementation of action plans or recommendations to improve governance arrangements.
- Consider how the Council applies governance principles in practice during the Committee's review of other agenda items.

##### Risk Management

- Oversee the Council's Risk Management Strategy and Procedures.

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

- Oversee the integration of risk management into the governance and decision making processes of Council.
- Ensure that the Annual Governance Statement is an adequate reflection of the risk environment.
- Review the arrangements to co-ordinate and lead risk management.
- Review the risk profile and keep up to date with significant areas of strategic / corporate risk.
- Seek assurances that strategies and policies are supported by adequate risk assessments and that risks are being actively managed and monitored.
- Review assurance and audit reports on risk management and monitor progress on improvement plans.

### Internal Controls

- Receive reports from Internal Audit and External Audit providing assurance on the adequacy of control environments.
- Consider the appropriateness of controls in place, ensuring they are proportionate to the Council's attitude to risk.

### Value for Money

- Seek assurance that the Council has arrangements in place to achieve value for money.
- Receive assurances from Internal Audit and External Audit on the effectiveness of these arrangements.

### Ethical Framework

- Support the ethical framework of Council, through overseeing the arrangements that are in place to establish and maintain ethical standards, supporting the Annual Governance Statement.

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

### Countering Fraud and Corruption

- Oversee the Council's arrangements for managing the risk from fraud and corruption, providing assurances that they are fit for purpose.
- Review counter fraud strategy and consider whether it meets recommended practice.
- Champion good counter fraud and anti-corruption practice.
- Monitor the overall performance of the counter fraud arrangements.
- Oversee major areas of fraud identified and monitoring action plans to address control weaknesses.
- Consider assurances provided by Internal Audit.

### **2. Financial and governance reporting**

#### Financial Reporting

- Review and approve the Council's Financial Statements as a delegated responsibility from Full Council (April 2015).
- Review the Narrative Report, ensuring messages are consistent with the Financial Statements.
- Review the completeness of the information reported and ask about the steps taken to ensure the disclosures are complete.
- Identify the key messages from the Financial Statements and evaluate what that means for the Council in future years.
- Monitor trends and review for consistency against financial performance observed over the course of the year.

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

- Review the suitability of accounting policies and treatments and any changes to them.
- Seek explanations for changes in accounting policies and treatments.
- Review any major judgemental areas.

### Annual Governance Statement

- Review and approve the Council's Annual Governance Statement.
- Consider whether the Annual Governance Statement is user friendly for the reader.
- Consider whether the statement focused on evaluation, leading to a clear opinion of whether arrangements are fit for purpose and meet the principles of good governance.
- Consider whether the statement includes appropriate disclosures on conformance with specified codes and standards and is consistent with current CIPFA guidance.
- Consider whether the statement is supported by an appropriate action plan to implement the required improvements and if this is robust.

### **3. Establishing appropriate and effective arrangements for audit and assurance**

#### Internal Audit

- Approve the Internal Audit Charter.
- Review proposals made in relation to the appointment of external providers of Internal Audit services and to make recommendations.

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

- 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.
- Approve significant interim changes to the risk-based Internal Audit plan and resource requirements.
- Make appropriate enquiries of both management and the Head of Internal Audit to determine if there are any inappropriate scope or resource limitations.
- 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.
- 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.
- 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.

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

- 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.
- Consider summaries of the specific audit reports as requested.
- 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.
- 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.
- 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.
- Support the development of effective communication with the Head of Internal Audit.
- 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

- Consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.
- Consider specific reports as agreed with the external auditor.
- Comment on the scope and depth of external audit work and to ensure it gives value for money.
- 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

### Assurance

- Consider whether the assurances available on the core arrangements of Council, support the Annual Governance Statement and enables the Committee to meet its Terms of Reference.

### **Wider Function of the Audit and Risk Committee**

In addition to the core functions, the Audit and Risk Committee also has responsibility for:

#### Performance Improvement

- Review the adequacy and suitability of arrangements in place to secure continuous improvement of Council functions, providing assurance that such arrangements are operating effectively.
- Consider the quarterly Corporate Improvement Plan update reports, which will provide a progress update on the achievement of the Corporate Improvement Objectives.
- Consider the External Auditor's report on issues arising from the annual Improvement Audit and Assessment engagement.

### **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.

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<sup>2</sup> CIPFA – Audit Committees Practical Guidance for Local Authorities and Police (2022)

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

- 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 Head of Internal Audit and the Head of Performance and Transformation. A representative of the Northern Ireland Audit Office will also be invited to attend.

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.

### Accountability Arrangements

The Audit and Risk Committee is held to account by Those Charged with Governance (Full Council) and is required to:

- 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.



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

- 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.

### 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.