



**Antrim and  
Newtownabbey**  
BOROUGH COUNCIL

17 September 2020

Committee Chair: Councillor V McWilliam  
Committee Vice-Chair: Councillor A Bennington  
Committee Members: Councillors –M Goodman, P Hamill, R Lynch and  
B Webb  
Independent Member: Mrs G Nesbitt

Dear Member

#### **MEETING OF THE AUDIT COMMITTEE**

A remote meeting of the Audit Committee will be held in the **Council Chamber, Mossley Mill on Tuesday 22 September 2020 at 6.30pm.**

All Members are asked to attend the meeting via "Zoom".

To ensure social distancing, it is only possible to facilitate 11 Members in the Council Chamber. Priority admission will be given to Committee Members on a first come, first served basis. This does not affect the rights of any Member participating in the meeting.

You are requested to attend.

Yours sincerely

Jacqui Dixon, BSc MBA  
**Chief Executive, Antrim & Newtownabbey Borough Council**

**PLEASE NOTE: no refreshments will be available**

**For any queries please contact Member Services:**

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## **A G E N D A**

1. Apologies
2. Declarations of Interest
3. **PRESENTATION**
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4. **ITEMS FOR DECISION**
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  - 5.3 Financial Statements for the Year Ended 31 March 2020 (draft)
  - 5.4 NIAO: Report to Those Charged with Governance 2019/20 (draft)
  - 5.5 Corporate Improvement Plan Performance Report 2019/20 (final)
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  - 5.7 Update on Audit Committee Actions
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  - 5.10 National Fraud Initiative 2020
  - 5.11 NIAO: COVID-19 Fraud Risks
  - 5.12 NIAO: Raising Concerns: A Good Practice Guide for the Northern Ireland Public Sector
6. **ITEMS IN CONFIDENCE**
  - 6.1 NIPSO: Investigations – Council Services
  - 6.2 Investigations Update
7. **ANY OTHER RELEVANT BUSINESS**

### **3 PRESENTATION**

#### **3.1 RECOVERY PLAN**

A presentation will be provided for Members on the Council's recovery plan by the Director of Finance and Governance.

## 4 ITEMS FOR DECISION

### 4.1 FI/AUD/01 INTERNAL AUDIT PLAN 2020/21

Members are reminded that in June 2020, as a consequence of COVID-19, the Audit Committee agreed the deferral of the Internal Audit Plan 2020/21, as approved in March 2020, and that a quarterly Internal Audit Plan, reflecting the changing risk environment of the Council would be brought to the Audit Committee for consideration and approval.

For the period to December 2020, it is proposed to undertake the following engagements:

- i. Completion of the Accounts Payable audit, focusing on the process and control changes as a result of working from home arrangements.
- ii. Contract Management - This audit will incorporate the contract management arrangements in place during 2019/20 (closing out the 2019/20 audit plan) and reviewing the contract management arrangements in place during the first half of 2020/21, considering the impact of COVID-19 has had on the delivery of key contracts across the Council.
- iii. Payroll – Reviewing the Payroll process, considering changes to the process and controls within as a consequence of COVID-19. In addition, a review of the Job Retention (Furlough) Scheme will be undertaken to provide assurance on the calculation and claim of payments from HMRC.
- iv. National Fraud Initiative (NFI) – Participation in the NFI 2020 exercise, including Fair Processing Compliance works and the data extraction and upload to the NFI website in line with the NFI timetable.
- v. Continue to provide advice and guidance on internal control matters.

**RECOMMENDATION: that the Committee agrees the Internal Audit Plan for the period to December 2020.**

Prepared by: Paul Caulcutt, Head of Internal Audit

Approved by: Sandra Cole, Director of Finance and Governance

## 5 ITEMS FOR INFORMATION

### 5.1 FI/FIN/SOA/06 NIAO: EXTERNAL AUDIT 2019/20 – ADDITIONAL SIGNIFICANT RISK

Members are reminded that in March 2020, the NIAO set out their External Audit Strategy for the audit of the 2019/20 Statement of Accounts.

Within this Strategy, the NIAO outlined the significant risks of material misstatement of the Statement Statements, which required special audit consideration. The significant risks identified were 'material misstatement owing to fraud arising from management override of controls', and 'fraud in revenue recognition'.

The NIAO has recently issued a letter (**enclosed**) to the Council advising that in light of the COVID-19 pandemic, they have included an additional significant risk, being the 'financial resilience of the Council'.

In response to this risk, the NIAO will consider the Council's assessment of the Going Concern basis for the preparation of the Accounts, including an assessment of the disclosures regarding the Council's financial position, recovery plan and cash flow projections.

Representatives of the NIAO will be in attendance to answer Members' questions.

**RECOMMENDATION: that the report be noted.**

Prepared by: John Balmer, Head of Finance

Approved by: Sandra Cole, Director of Finance and Governance

## 5.2 FI/FIN/SOA/06 ANNUAL GOVERNANCE STATEMENT 2019/20 (DRAFT)

Members are reminded that a copy of the draft (unaudited) Statement of Accounts for the year ended 31 March 2020, including the Annual Governance Statement, was presented at the June Audit Committee.

A number of minor amendments have been suggested by External Audit and management has agreed to make these.

A copy of the updated draft Annual Governance Statement 2019/20 is enclosed, with the most significant amendments highlighted red for Members' information.

Members should note that approval of the Annual Governance Statement will be required on completion of the independent audit of the Financial Statements. Once this is complete, the Audit Committee will need to meet again to approve the Annual Governance Statement. This will require an additional Audit Committee before the next scheduled meeting in December 2020, as the Local Government Auditor plans to certify the accounts between 2 November 2020 and 16 November 2020. A meeting notification will be sent out in due course.

**RECOMMENDATION: that the Committee notes the updated draft Annual Governance Statement.**

Prepared by: Paul Caulcutt, Head of Internal Audit

Approved by: Sandra Cole, Director of Finance and Governance

**5.3 FI/FIN/SOA/06 FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (DRAFT)**

Members are reminded that a copy of the draft (unaudited) Statement of Accounts for the year ended 31 March 2020, was presented at the June Audit Committee and that the Committee would be required to approve the audited Statement of Accounts at the September Committee.

The Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 requires the Financial Statements be formally considered and approved no later than 30 September following the end of the financial year to which the accounts relate. However, an extension to the 30 December 2020 has been granted by the Department for Communities due to the impact of Covid-19, in line with the draft Local Government (Accounts and Audit) (Coronavirus) (Amendment) Regulations (Northern Ireland) 2020.

The Accounts for Antrim and Newtownabbey Borough Council were prepared and submitted to the Department for Communities by 30 June 2020. The independent audit of these Financial Statements is substantially complete, however the Northern Ireland Audit Office have still to conduct the final review of the revised draft Financial Statements.

Once this is complete, the Audit Committee will need to meet again to approve the Accounts. This will require an additional Audit Committee before the next scheduled meeting in December 2020, as the Local Government Auditor plans to certify the accounts between 2 November 2020 and 16 November 2020. A meeting notification will be sent out in due course.

The updated draft Statement of Accounts for Antrim and Newtownabbey Borough Council for the year ended 31 March 2020 are **enclosed**.

**RECOMMENDATION: that the Committee notes the updated draft Statement of Accounts for the year ended 31 March 2020.**

Prepared by: John Balmer, Head of Finance

Approved by: Sandra Cole, Director of Finance and Governance

**5.4 FI/FIN/SOA/06 NIAO: DRAFT REPORT TO THOSE CHARGED WITH GOVERNANCE 2019/20**

Members are advised that the Local Government Auditor has progressed the audit of the Statement of Accounts for the year ended 31 March 2020 and has now issued the draft Report to Those Charged with Governance (**enclosed**), setting out provisional findings.

A copy of the final Report to Those Charged with Governance will be presented at a future Committee meeting.

Representatives of the NIAO will be in attendance to answer Members' questions.

**RECOMMENDATION: that the report be noted.**

Prepared by: John Balmer, Head of Finance

Approved by: Sandra Cole, Director of Finance and Governance



## 5.5 PT/CI/031 CORPORATE IMPROVEMENT PLAN PERFORMANCE REPORT 2019/20 (FINAL)

Members are reminded that Part 12 of the Local Government Act (Northern Ireland) 2014 (the Act) Section 84(1) places a general duty on councils to “make arrangements to secure continuous improvement in the exercise of its functions”.

Section 92(2)(a)(i) requires a Council to publish an assessment of its performance in discharging its duties under section 84.

The report should include an assessment of the effectiveness of the continuous improvement arrangements, giving details of any issues identified through its monitoring and review, as well as references to any planned / implemented improvements.

In addition, Section 92(2)(b)(i) & (ii) of the Act requires a Council to publish an assessment of its performance as compared with previous financial years; and so far as is reasonably practicable, the performance during that and previous financial years of other Councils.

This shall include a description of the benchmarking activities that a Council has undertaken and where possible the description shall include a comparison with the Council's previous performance (i.e. to help demonstrate trends).

Descriptions of benchmarking may also include a narrative outlining change in practice, process or activity that reflects learning from other organisations.

Members are advised that a final draft of the Corporate Improvement Plan Performance Report 2019-20 has been prepared and is **enclosed** for Members' attention.

The report provides an overview on how we performed against:

- Our eight Corporate Improvement Objectives, as set out in the 2019-20 Corporate Improvement Plan which was approved by Council in June 2019;
- Statutory performance improvement indicators and standards for the functions of Economic Development, Planning and Waste for 2019-20, including comparison with the previous year; and
- Our self-imposed indicators and standards.

**RECOMMENDATION: that the Corporate Improvement Plan Performance Report 2019-20 (Final) be noted.**

Prepared by: James Porter, Performance Improvement Officer

Agreed by: Helen Hall, Head of Performance and Transformation

Approved by: Sandra Cole, Director of Finance and Governance

## 5.6 PT/CI/029 PERFORMANCE IMPROVEMENT DUTIES 2020/21

Members are advised that correspondence (**enclosed** for Members' information) has been received from the Department for Communities regarding a decision to set aside the requirement to produce and publish a performance improvement plan for the 2020/21 year. Councils will still be required to publish their performance improvement assessment report covering 2019/20, with a publication date of 30 September 2020.

The Department is further considering the arrangements regarding performance improvement for the next few years and in doing so will be taking the views of Councils and the Local Government Auditor before submitting proposals for consideration by the Minister.

Members will be kept informed of progress on this matter.

**RECOMMENDATION: that the report be noted.**

Prepared by: James Porter, Performance Improvement Officer

Agreed by: Helen Hall, Head of Performance and Transformation

Approved by: Sandra Cole, Director of Finance and Governance

## 5.7 FI/AUD/02 UPDATE ON AUDIT COMMITTEE ACTIONS

As part of the reporting process to the Audit Committee, a progress update of actions raised from each Audit Committee has been provided.

The following table provides a progress update on the actions raised.

Item	Action	Progress update	Anticipated Completion Date
<b>December 2019</b>			
<b>4.3</b>	<b>NIAO: PERFORMANCE IMPROVEMENT AUDIT AND ASSESSMENT REPORT 2019/20</b>		
(i)	The Independent Member sought clarification on the timeline on the proposal for improvement relating to self-imposed indicators and standards, and asked if the Working Group's Terms of Reference could be provided to Members, which was agreed.	<b>In Progress</b> A draft Terms of Reference for the Local Government Performance Improvement Working Group has been developed and was to be brought to their meeting on 24 March 2020 for agreement. However, this meeting was postponed and the Terms of Reference is due to be brought to a meeting at a future date.	Unknown at present
<b>March 2020</b>			
<b>4.2</b>	<b>Review of the Effectiveness of the Audit Committee 2019/20</b>		
(i)	The review of the effectiveness of the Audit Committee results be reported to the June 2020 Audit Committee and Council meeting.	<b>Complete</b> The Review of the Effectiveness of the Audit Committee report was provided to the Audit Committee and Council in June 2020.	N/A
<b>June 2020</b>			
<b>3.1</b>	<b>Audit Committee Annual Report 2019/20</b>		
(i)	The Audit Committee Annual Report be approved and presented to Council.	<b>Complete</b> The Audit Committee Annual Report was provided to the Council on 29 June 2020.	N/A
<b>3.2</b>	<b>Internal Audit Plan 2020/21</b>		
(i)	Clarity on the role of the Chairperson of the Audit Committee be provided.	<b>Complete</b> Clarification was provided to Cllr. Webb on 27 July 2020.	N/A
<b>4.2</b>	<b>Audit and Assessment Report 2019/20 Improvement Proposals Update</b>		
(i)	Additional information about objective 2, CIP4 relating to Cleanliness of Roads and Streets, be provided.	<b>Complete</b> Additional information was provided to Cllr. Montgomery in July 2020.	N/A

Item	Action	Progress update	Anticipated Completion Date
<b>4.9</b>	<b>Review of the Effectiveness of the System of Internal Control</b>		
(i)	An update be brought to the September Audit Committee Meeting on the strategy which Council has in place relating to economic recovery and the immediate and long term risks Council will be facing as a result of Covid-19.	<b>Complete</b> An update will be provided to the September Audit Committee during the presentation.	N/A
(ii)	An update to the presentation given to the March Audit Committee regarding the Covid-19 plan be provided.	<b>Complete</b> An updated presentation will be provided to the September Audit Committee.	N/A
(iii)	Clarity on the process for raising AOB at meetings of the Council be provided.	<b>Complete</b> Clarity on the process for raising AOB is provided as part of this agenda report.	N/A
<b>4.10</b>	<b>Annual Governance Statement 2019/20</b>		
(i)	Clarification on the emergency powers of Council be provided.	<b>Complete</b> Clarification on the emergency powers of Council is provided as part of this agenda report.	N/A
<b>4.12</b>	<b>Corporate Risk Register</b>		
(i)	An update on actions within the Corporate Risk Register be provided at Septembers Audit Committee Meeting.	<b>Complete</b> An update on the actions within the Corporate Risk Register has been provided with the Corporate Risk Register item on this agenda.	N/A

As referenced above, Members are reminded that at the June 2020 Audit Committee, it was agreed that details would be provided on the following:

#### **4.9(iii) Raising AOB**

Standing Order 6(3) states: "except in the case of business required by statute or, where in the opinion of the Chairperson at the meeting the business should be considered by the meeting as a matter of urgency, any other business cannot be considered at the Council meetings or the Planning Committee meetings but may be considered at all other Committee and sub-Committee meetings."

Interpretation of the above is a matter for the Chair so therefore it is up to the Chair to decide on whether to accept AOB or whether they wish to have knowledge of it before a meeting.

Members are therefore permitted to raise AOB at a Committee meeting, but it is the Chair's decision as to whether to accept it. Past Chairs of the Audit Committee have requested that AOB is notified to them in advance of the Audit Committee in order to allow officers sufficient time to prepare an appropriately detailed response.

#### **4.10(i) Delegation of Emergency Powers**

Under the Council's Scheme of Delegation the exercise of the following general functions is delegated to the Chief Executive or Directors:

##### **Emergencies and cases of urgency**

Taking such measures, including incurring expenditure, as may be required in emergency situations or cases of urgency, subject to advising the Mayor and reporting to the appropriate Committee as soon as possible.

The legal power in relation to the above stems from section 7 of the Local Government Act (Northern Ireland) 2014. Section 7 states:

##### **Arrangements for discharge of functions of council**

7—(1) A council may arrange for the discharge of any of its functions—  
(a) by a committee, a sub-committee or an officer of the council; or  
(b) by any other council.

The above power was already approved by Members in the Constitution so therefore there was no need to bring it back to Members to invoke it.

In relation to the COVID-19 emergency, the Chief Executive informed Group Leaders that she was exercising her delegated powers under the Local Government Act (Northern Ireland) 2014.

**RECOMMENDATION: that the report be noted.**

Prepared by: Paul Caulcutt, Head of Internal Audit

Approved by: Sandra Cole, Director of Finance and Governance

## 5.8 FI/AUD/01 INTERNAL AUDIT UPDATE REPORT

A report containing a summary of Internal Audit activity since the Audit Committee last met on 23 June is enclosed. The report includes the objectives and conclusions reached for each completed engagement and management comments as applicable.

The report also provide details of the progress of the implementation of agreed Internal Audit recommendations and the results of Internal Audit's Quality Assurance and Improvement Programme (QAIP).

**RECOMMENDATION: that the report be noted.**

Prepared by: Paul Caulcutt, Head of Internal Audit

Approved by: Sandra Cole, Director of Finance and Governance

## 5.9 FI/AUD/03 CORPORATE RISK REGISTER

Members are reminded that as a consequence of COVID-19, the Council took the decision to 'suspend' the Corporate Risk Register and create a 'temporary' COVID-19 Corporate Risk Register to record and manage the risks faced by the Council during this period of response and recovery.

In line with the agreed reporting protocol, a report setting out the Corporate Risk Register and the changes made to the risks is **enclosed** for Members' review.

Members are also reminded that at the June Audit Committee, an update on the actions within the Corporate Risk Register was requested to be provided to this Audit Committee. The update on actions is also included within the Corporate Risk Register report.

**RECOMMENDATION: that the report be noted.**

Prepared by: Paul Caulcutt, Head of Internal Audit

Approved by: Sandra Cole, Director of Finance and Governance



## 5.10 FI/AUD/97 NATIONAL FRAUD INITIATIVE 2020

### **Background**

The National Fraud Initiative (NFI) is a data matching exercise run by the Audit Commission and is designed to help participating bodies identify possible cases of fraud and detect and correct under or overpayments from the public purse.

### **NI Position**

The Comptroller and Auditor General for Northern Ireland (C&AG), head of the Northern Ireland Audit Office (NIAO), has statutory powers to conduct matching exercises for the purpose of assisting in the prevention and detection of fraud. These powers are contained in the Serious Crime Act 2007, which inserts Articles 4A to 4H to the Audit and Accountability (Northern Ireland) Order 2003.

The Council must participate in this exercise and supply the following information for matching to that of other public sector bodies to identify possible fraud or error:

1. Payroll – total payments made to current employees and members from 1 April 2020 to 30 September 2020; and
2. Trade Creditors payment history and standing data – payment history from 1 October 2017 to 30 September 2020 and the current Creditor information held at the date of date extract (from 9 October 2020).

Where a match is found, it indicates that there is an inconsistency that may require further investigation to establish what has caused the match and any further action that may be deemed necessary. Examples of possible matches are as follows:

- An employee with the Council who has a second employment with another Council or public body;
- An employee who is also a supplier to the Council or has been paid through Creditors;
- Suppliers who are associated with other suppliers, eg. through address.

### **Results notification and possible action**

Data extracted will then be matched with other Public Sector datasets and prioritised into the order of how closely the dataset matches. Matches will be available from Thursday 28 January 2021.

The Council is responsible for investigating these matches. All matches will be considered by the Head Internal Audit, who will determine further action if appropriate including invocation of the Fraud Response Plan.

### **Data Transfer**

Datasets must be provided to the Audit Commission from 9 October 2020. Total has previously developed reports to extract the information in the format required by the NIAO.

A secure electronic upload facility is available enabling data for NFI to be submitted directly from local computers. This facility is contained within the existing secure NFI web application and consequently provides the same controlled access environment. It features an Advanced Encryption Standard (AES) 256 Secure Sockets Layer encryption and enables data files to be password protected. No other method of data transfer to the NFI is acceptable.

Access to the NFI website will be restricted to those officers deemed necessary by the Chief Executive.

### **Participating bodies**

Organisations participating in this exercise are those that provide data to the Comptroller and Auditor General, or his agents (such as the Audit Commission), for the purposes of a data matching exercise, which may be on either a mandatory or voluntary basis.

Mandatory bodies are those bodies whose accounts are required to be audited by:

1. the Comptroller and Auditor General, except for bodies audited by the Comptroller and Auditor General by virtue of section 55 of the Northern Ireland Act 1998; or
2. a Local Government Auditor.

Since the Council's accounts are audited by a Local Government Auditor the Council must supply the required information.

Other mandatory participants include Central Government, Education Boards, and Health Trusts throughout the United Kingdom.

Further information is available on the Council's website at:

<http://www.antrimandnewtownabbey.gov.uk/Council/Procurement/National-Fraud-Initiative>

or by contacting Paul Caulcutt, Head of Internal Audit on 028 9446 3113 ext. 31395 or at [paul.caulcutt@antrimandnewtownabbey.gov.uk](mailto:paul.caulcutt@antrimandnewtownabbey.gov.uk).

**RECOMMENDATION: that the report be noted.**

Prepared by: Paul Caulcutt, Head of Internal Audit

Approved by: Sandra Cole, Director of Finance and Governance

## 5.11 FI/AUD/04 NIAO: COVID-19 FRAUD RISKS

The NIAO has recently issued their COVID-19 Fraud Risk guide citing "It is widely accepted that fraud risks increase in times of change or crisis. The coronavirus pandemic and the resulting emergency measures put in place, for example the payment of business support grants, have significantly increased the opportunities for fraudsters. There is already clear evidence that fraudsters have been quick to seize upon such opportunities, with many stories in the media about organisations and individuals suffering loss as a result".

The guide is designed to raise the awareness of the increasing risk of fraud, highlighting the key risks to organisations and setting out the controls that can mitigate those risks. These key risks have been categorised as follows:

- Governance;
- COVID-19 Funding;
- Procurement;
- IT / Cyber / Data Security;
- Payroll / Recruitment; and
- Staff.

A copy of the guide (**enclosed** for Members' information) was provided to CLT, with Directors and Heads of Service ensuring the key controls as highlighted are in place within the Services.

**RECOMMENDATION: that the report be noted.**

Prepared by: Paul Caulcutt, Head of Internal Audit

Approved by: Sandra Cole, Director of Finance and Governance

## 5.12 FI/AUD/04 NIAO: RAISING CONCERNS: A GOOD PRACTICE GUIDE FOR THE NORTHERN IRELAND PUBLIC SECTOR

On 25 June 2020, the Northern Ireland Audit Office (NIAO) released their Raising Concerns: A good practice guide for Northern Ireland Public Sector (enclosed).

This guide is an update to the NIAO's previous version which was published in November 2014, and which was the basis of the Council's Whistleblowing Policy, developed in 2015 and amended in 2019 to reflect legislation changes.

The new guide reflects key developments in raising concerns over the last five years and is largely "aimed at helping employees and public sector organisations to understand the value of an open and honest reporting culture, where concerns can be raised and dealt with effectively as part of normal business, leading to strengthened governance".

The main notable difference is the change in terminology: 'whistleblowing' has been replaced with 'raising concerns' in an attempt to soften the language used and to promote a culture of raising concerns as part of normal business.

The guide also focuses on how the general public can raise concerns (even though there is no protection under the public interest disclosure legislation) and how this can play a vital role in identifying wrongdoing, risk or malpractice. This includes the introduction of a 'single point of contact', who will receive their concerns and ensure that they are dealt with appropriately.

Other changes include how organisations should 'record, monitor and report' concerns raised to facilitate the monitoring of trends and themes for organisation learning as well as scrutiny by senior management and the Audit Committee.

We will review the NIAO guidance and consider its implications for the update of the Council's Whistleblowing Policy, bringing an update back to CLT, the Audit Committee and a revised Raising Concerns Policy to the Policy and Governance Committee for approval.

**RECOMMENDATION: that the report be noted.**

Prepared by: Paul Caulcutt, Head of Internal Audit

Approved by: Sandra Cole, Director of Finance and Governance