



13 June 2019

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

Dear Member

**MEETING OF THE AUDIT COMMITTEE**

A meeting of the Audit Committee will be held in the **Round Tower Chamber, Antrim Civic Centre on Tuesday 18 June 2019 at 6.30pm.**

You are requested to attend.

Yours sincerely

A handwritten signature in black ink that reads "Jacqui Dixon".

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

**PLEASE NOTE: Fork buffet will be available in the Members' Room from 5:30pm**

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

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### 3. ITEMS FOR DECISION

#### 3.1 FI/AUD/2 REVIEW OF THE EFFECTIVENESS OF THE AUDIT COMMITTEE 2018/19

Members are advised that CIPFA's Audit Committee – Practical Guidance for Local Authorities and Police, places a requirement on Audit Committees to “Report regularly on their work, and at least annually report an assessment of their performance”.

Appendix E of the guidance also provides an ‘Evaluating the Effectiveness of the Audit Committee’ self-assessment checklist which will enable the Committee to undertake and report on the assessment of their performance throughout the year.

Members are also advised that on 19 February 2019, Members of the Audit Committee participated in a facilitated self-assessment review of the performance of the Audit Committee, where they completed the ‘Evaluating the Effectiveness of the Audit Committee’ self-assessment checklist.

The results of the review were provided to the March 2019 Audit Committee, where Members agreed the results, and requested that an action plan be drawn up and be reported to the June 2019 Audit Committee and Council Meeting.

The results of this review and action plan are **enclosed** for Members review.

**RECOMMENDATION: that the Committee agrees the Action Plan and that the report be presented to Council.**

Prepared by: Paul Caulcutt, Head of Internal Audit

Approved by: Sandra Cole, Director of Finance and Governance

### 3.2 FI/AUD/2      **AUDIT COMMITTEE ANNUAL REPORT 2018/19**

Following on from the Review of the Effectiveness of the Audit Committee and in keeping with CIPFA's requirement that the Audit Committee "Report regularly on their work, and at least annually report an assessment of their performance", an Audit Committee Annual Report (a copy of which is enclosed) has been prepared outlining the Audit Committee's activities during 2018/19 and how the Committee has discharged its roles and responsibilities as set out in the Audit Committee Terms of Reference.

Members are asked to review and agree the report prior to it being presented to Full Council.

**RECOMMENDATION: that the Committee agrees the Audit Committee Annual Report and that the report be presented to Council.**

Prepared by: Paul Caulcutt, Head of Internal Audit

Approved by: Sandra Cole, Director of Finance and Governance

#### 4. ITEMS FOR INFORMATION

##### 4.1 PT/CI/019 CORPORATE IMPROVEMENT PLAN 2018-19 QUARTER 4 IMPROVEMENT OBJECTIVES PROGRESS REPORT

Members are reminded that Part 12 of the Local Government Act (Northern Ireland) 2014 puts in place a framework to support the continuous improvement of Council services.

A fourth quarter progress report is **enclosed** for Members' attention.

The report provides an overview on how we performed against:

- Our corporate improvement objectives, as set out in the 2018-19 Corporate Improvement Plan, which was approved by Council in June 2018;
- The seven statutory indicators and standards that were set by Central Government Departments for Planning Services, Economic Development and Waste Management – as defined in the Local Government (Performance Indicators and Standards) Order (Northern Ireland) 2015 and;
- A range of self-imposed improvement objectives across all service areas

**RECOMMENDATION: that the Corporate Improvement Plan 2018-19 Quarter Four progress report is 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

## 4.2 PT/CI/021 CORPORATE IMPROVEMENT PLAN (FINAL DRAFT) 2019/2020

Members are reminded that Part 12 of the Local Government Act (Northern Ireland) 2014 puts in place a new framework to support the continuous improvement of Council services, in the context of strategic objectives and issues.

Section 85 of the Act requires a Council, for each financial year, to set itself improvement objectives for improving the exercise of its functions and to have in place arrangements to achieve those objectives. These objectives must be framed so that each improvement objective bring about improvement in at least one of the specified aspects of improvement as defined in Section 86:

Strategic Effectiveness; Service Quality; Service Availability; Fairness; Sustainability; Efficiency; Innovation.

Guidance from the Department of the Environment, indicates that Councils should 'develop an on-going dialogue with our communities and areas that it serves, so that the setting of improvement objectives is a jointly owned process centred on a balanced assessment of the needs of the community as a whole, rather than any particular organisation or interest group within it.

A Corporate Improvement Plan (Draft for Consultation) 2019-20 was brought for Members' consideration in January 2019 and it was agreed to conduct a twelve-week consultation exercise to encourage feedback from our stakeholders. 44 responses were received and a summary of the consultation responses was reported to the Policy & Governance Committee in June 2019.

The final draft of the Corporate Improvement Plan 2019-20, (to follow), for Members' consideration, was amended to update final year-end figures, and to reflect comments from the consultation.

Amendments to the Plan include how the Council will continue to use a variety of communication mechanisms to promote recycling, the cleanliness of the Borough and promoting the benefits of exercise for physical and mental health. The Plan has also been amended to respond to feedback in relation to improving the physical environment to promote prosperity in the Borough with the inclusion of an additional objective.

Other comments and feedback will be incorporated into the implementation plans derived out of the final Corporate Improvement Plan 2019-20.

**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

### 4.3 FI/AUD/2 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 2018</b>			
<b>3.10 RISK MANAGEMENT ARRANGEMENTS</b>			
(ii)	Details of those Corporate Risks removed from the Corporate Risk Register, including justifications, be provided to the next Audit Committee.	<b>Complete</b> Details of the Risks removed from the Corporate Risk Register, including justifications have been included within this Committee's agenda.	N/A
<b>March 2019</b>			
<b>3.2 CORPORATE IMPROVEMENT PLAN 2019/20</b>			
(i)	Cllr. Maguire sought clarity on the trend in membership figures for leisure centre. The Head of Performance and Transformation provided clarification on family membership and advised that she would report back with update figures.	<b>Complete</b> Details and clarification of the membership breakdown has been included within the Quarter 4 progress update report.	N/A
<b>.2 REVIEW OF THE EFFECTIVENESS OF THE AUDIT COMMITTEE 2018/19</b>			
(i)	The Committee approves the results of the review of the effectiveness of the Audit Committee and that these results be reported to the June Audit Committee and Council meeting.	<b>Complete</b> The results of the review of the effectiveness of the Audit Committee are included within this Committee's agenda.	N/A
<b>5.6 RISK MANAGEMENT: RISK REPORTING AND COMMUNICATION</b>			
(i)	Cllr. Maguire sought clarification on the Risk Register. The Head of Internal Audit agreed to revert back to Cllr. Maguire.	<b>Complete</b> Clarification was provided to Cllr. Maguire on 22 March 2019.	N/A
<b>6.2 INVESTIGATION UPDATE</b>			
(i)	The Independent Member suggested that Council consider utilising alternative resource to support Internal Audit with investigations. As requested, the Director of Organisation Development agreed to consider alternative resources.	<b>Complete</b> Consideration will be taken on how best to resource an investigation as and when required, taking into consideration the resources available, the significance and complexity of the investigation.	N/A

**RECOMMENDATION: that the Committee notes the Previous Actions update.**

Prepared by: Paul Caulcutt, Head of Internal Audit

Approved by: Sandra Cole, Director of Finance and Governance

#### **4.4 FI/AUD/1 INTERNAL AUDIT UPDATE REPORT**

A report containing a summary of Internal Audit activity since the Audit Committee last met on 20 March 2019 is **enclosed**. The report includes the objectives and conclusions reached for each completed engagement and management comments as applicable.

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

Prepared by: Paul Caulcutt, Head of Internal Audit

Approved by: Sandra Cole, Director of Finance and Governance

#### **4.5 FI/AUD/1 INTERNAL AUDIT ANNUAL REPORT 2018/19**

In accordance with the Public Sector Internal Audit Standards (PSIAS), the Head of Internal Audit is required to provide an annual opinion on the overall adequacy and effectiveness of the Council's system of internal control. This opinion is based upon and is limited to the work performed during the year.

An annual opinion has been provided for Antrim and Newtownabbey Borough Council in the **enclosed** Internal Audit Annual Report for the year ended 31 March 2019.

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

Prepared by: Paul Caulcutt, Head of Internal Audit

Approved by: Sandra Cole, Director of Finance and Governance

#### **4.6 FI/AUD/1 QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME 2018/19**

The Public Sector Internal Audit Standards (PSIAS) requires Internal Audit “to develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity.”

The results of the quality assurance and improvement programme must be communicated to the Audit Committee and the Corporate Leadership Team.

The annual review of the quality assurance improvement programme has been completed for Internal Audit and a copy is **enclosed** for Members consideration.

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

Prepared by: Paul Caulcutt, Head of Internal Audit

Approved by: Sandra Cole, Director of Finance and Governance

**4.7 FI/AUD/1 REVIEW OF THE EFFECTIVENESS OF THE SYSTEM OF INTERNAL CONTROL 2018/19**

The Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015, requires that "a local government body shall conduct a review at least once in each financial year of the effectiveness of its system of internal control" and that "the findings of the review... must be considered at a meeting either of the local government body as a whole or a committee of the local government body whose remit includes audit of governance functions" so that this review will inform the approval of the Annual Governance Statement.

The annual review of the Effectiveness of the System of Internal Control has been completed for Antrim and Newtownabbey Borough Council and a copy is **enclosed** for Members consideration.

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

Prepared by: Paul Caulcutt, Head of Internal Audit

Approved by: Sandra Cole, Director of Finance and Governance

#### **4.8 FI/FIN/SOA/05 ANNUAL GOVERNANCE STATEMENT 2018/19**

The Council is required to publish a Governance Statement with its annual statement of accounts. This statement is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government,' and outlines how the Council is complying with the Framework. This statement also meets the requirements of Regulation 4(2) of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 in relation to the review of the system of internal control.

The Annual Governance Statement 2018/19 has been completed for Antrim and Newtownabbey Borough Council and a copy is **enclosed** for Members review.

#### **RECOMMENDATION: that**

- a) the Committee notes the draft Annual Governance Statement**
- b) the draft Annual Governance Statement be signed and dated by the Chair of the Audit Committee and the Chief Executive.**

Prepared by: Paul Caulcutt, Head of Internal Audit

Approved by: Sandra Cole, Director of Finance and Governance

**4.9 FI/FIN/SOA/05 FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**

The draft Financial Statements are (to follow) for the year ended 31 March 2019 for Members' consideration.

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.

Independent audit of the Financial Statements will now proceed and the audited final Financial Statements will be brought back to the Audit Committee in September 2019.

**RECOMMENDATION: that**

- a) the Committee notes the draft Financial Statements**
- b) the draft Financial Statements be signed and dated by the Chief Executive.**

Prepared by: John Balmer, Head of Finance

Approved by: Sandra Cole, Director of Finance and Governance

#### **4.10 FI/AUD/3 CORPORATE RISK REGISTER**

Members are advised that a report providing details of the Council's Corporate Risk Register, including changes made to the Corporate risks, is presented to the Audit Committee on a quarterly basis.

Members are also advised that at the March 2019 Audit Committee, a presentation was given to Members outlining the Council's revised Risk Management Arrangements as well as providing details of the approach for the review and refinement of the Council's Risk Registers and risks.

Members had requested a report be presented to the Committee providing a progress update on the review and refinement of the Corporate Risk Register, including details of the changes made and the rationale for those changes.

The review and update of the Corporate Risk Register has been completed and a report setting out the Register and the changes made to the risks, is **enclosed** for Members review.

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

Prepared by: Paul Caulcutt, Head of Internal Audit

Approved by: Sandra Cole, Director of Finance and Governance

#### 4.11 FI/AUD/2 REVISED AUDIT COMMITTEE TERMS OF REFERENCE

The Audit 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 Committee is to provide independent assurance to Those Charged with Governance 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.

In formalising the establishment of the Audit Committee, a Terms of Reference was prepared and was approved by Council on 26 March 2015. The Terms of Reference summarises the core functions of the Audit Committee and describes the arrangements in place to enable it to operate independently, robustly and effectively.

These Terms of Reference have now been reviewed and updated to take into account the revised CIPFA: Audit Committee Practical Guidance for Local Authorities and Police 2018 as well as the 2018/19 Review of the Effectiveness of the Audit Committee.

A copy of the revised Terms of Reference is **enclosed** for Members review and will be provided to the June Council meeting for formal approval.

**RECOMMENDATION: that the Committee notes the revised Audit Committee Terms of Reference.**

Prepared by: Paul Caulcutt, Head of Internal Audit

Approved by: Sandra Cole, Director of Finance and Governance

#### **4.12 FI/AUD/04 REVISED ANTI-FRAUD AND CORRUPTION POLICY AND FRAUD RESPONSE PLAN**

Members are advised that the Council has an Anti-Fraud and Corruption Policy which was implemented in April 2015. Officers have undertaken a review of this Policy (**enclosed**) in order to bring it up to date. The revised Policy was approved by the Policy and Governance Committee in April 2019.

The Council is committed to the prevention of fraud and corruption and the promotion of an anti-fraud culture. The Council operates a zero tolerance attitude to fraud and corruption, whether from internal or external sources and requires staff and individuals / organisations to act with honesty and integrity, to safeguard public resources and to report all suspicions of fraud and corruption.

The Anti-Fraud and Corruption Policy defines the three main offences of fraud, as set out in the Fraud Act 2006. These are:

- Fraud by false representation
- Fraud by failing to disclose information
- Fraud by abuse of position

The Policy also provides details of the anti-fraud and corruption roles and responsibilities of all levels throughout the Council. It provides detailed guidance on fraud prevention, detection and investigation as well as a guideline for reporting suspicions of fraud or corruption.

The Anti-Fraud and Corruption Policy has been screened for the need for an Equality Impact Assessment (EQIA) and a Data Protection Impact Assessment (DPIA). Both an EQIA and a DPIA are not recommended.

In addition to the Anti-Fraud and Corruption Policy, Officers have also reviewed and updated the Fraud Response Plan which accompanies the Policy (**enclosed**). The Plan was also approved by the Policy and Governance Committee in April 2019.

The Plan enables Council to ensure that where instances of fraud are suspected, they are appropriately and adequately investigated, in a consistent manner, in line with the relevant legislation and best practice. The Fraud Response Plan defines the authority levels and responsibilities for action and the reporting lines to be followed in the event of suspected fraud, theft or other irregularity. It also provides detailed guidance for planning and undertaking a formal investigation.

The objectives of the Fraud Response Plan are to ensure:

- Each instance of suspected fraud or corruption is treated in a consistent manner with appropriate action taken against those who are suspected of fraud;

- Management of the Council deal with suspicions of fraud and corruption firmly and quickly in compliance with applicable legislation;
- Losses are minimised or recovered and / or further loss to the Council is prevented; and
- Investigations are carried out appropriately to enable the evidence to be used (where considered appropriate) for the purposes of:
  - disciplinary action;
  - criminal action via referral to the Police Services of Northern Ireland (PSNI); and/or
  - legal action taken against a third party.

**RECOMMENDATION: that the Committee notes the revised Anti-Fraud and Corruption Policy and Fraud Response Plan.**

Prepared by: Paul Caulcutt, Head of Internal Audit

Approved by: Sandra Cole, Director of Finance and Governance

#### **4.13 FI/AUD/04 REVISED ANTI-BRIBERY POLICY**

Members are reminded that the Council has an Anti-Bribery Policy which was implemented in April 2015. Officers have undertaken a review of this Policy (**enclosed**) in order to bring it up to date. The revised Policy was approved by the Policy and Governance Committee in April 2019.

The Bribery Act 2010 makes bribery a criminal offence. As such, as a Council, we do not, and will not, offer or pay bribes or other improper inducements for any purpose, nor do we or will we, accept bribes or improper inducements such as gifts or hospitality.

The Anti-Bribery Policy sets out the Council's commitment to the prevention, deterrence and detection of bribery. It also provides a framework to enable employees to understand and implement arrangements enabling compliance with the Policy and to identify and effectively report potential breaches.

The Council will assess the risk of bribery through Anti-Bribery Risk Assessments that will be completed bi-annually as part of the Management Assurance process. Where the risk of bribery is considered to be high, appropriate action will be taken by management to reduce the level of risk.

The Anti-Bribery Policy has been screened for the need for an Equality Impact Assessment (EQIA) and a Data Protection Impact Assessment (DPIA). Both an EQIA and a DPIA are not recommended.

**RECOMMENDATION: that the Committee notes revised Anti-Bribery Policy.**

Prepared by: Paul Caulcutt, Head of Internal Audit

Approved by: Sandra Cole, Director of Finance and Governance

#### 4.14 HR/GEN/019

#### MANAGING ATTENDANCE

The purpose of this report is to update Members regarding the final position on sickness absence for 2018/19. The enclosed 2018/19 report provides a summary relating to absence.

Sickness absence for the period 1 April 2018 to 31 March 2019 was 13.73 days per employee against a target of 13.0 days which represents 0.73 days above target.

In 2017/18 the Council achieved an average absence per employee of 11.88 days against a target of 14.22, 2.3 days ahead of target. This was achieved by mainly completing a review of our process for managing long-term sickness, and training line managers in absence management.

Notably, in 2017/18 the Council had 15 long-term stress absences related to discipline and grievance cases. For the same period in 2018/19 the number of long term stress absences related to discipline and grievance cases increased by 87% to 28 cases adding a net increase on the previous year of 646.8 days which equates to 1.04 average days per employee. These cases continue to be actively managed and a trend of increasing long-term sickness absence was reversed, decreasing from 85% in October 2018 to 80% in March 2019.

Excluding the increased stress absences due to discipline and grievances up to 31 March 2019 we would have delivered a 12.69 day average absence per employee, 0.31 average days ahead of the corporate target of 13 days.

HR Partners continue to work with Heads of Service and Managers to monitor long term cases with a view to doing everything possible to enable employees to return at the earliest possible date. This may include phased returns, amended duties, providing physiotherapy, counselling, wellness recovery action plans etc. Additionally, the Director of Organisation Development is meeting with the other Directors to discuss absence cases relating to their departments. Additionally, the Director of Organisation Development is working more closely with the other Directors about absence cases relating to their departments.

Positively, full attendance for the year 2018/19 has improved on the previous year with 57% of staff having 100% attendance compared to 53% in 2017/18. Work is ongoing to develop practical steps that the Council can take to further recognise employees with 100% attendance.

The Council's significant commitment to Employee Health & Wellbeing Programme remains ongoing. The Health & Wellbeing Programme was commended at the Chartered Institute of Personnel and Development (CIPD) 2019 Regional Finalist Awards, and it has been shortlisted in the CIPD 2019 National Finalist Awards this September.

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

Prepared by: Victoria Stewart, HR Administrator

Agreed by: Joan Cowan, Head of Human Resources

Approved by: Andrea McCooke, Director of Organisation Development