



**MINUTES OF THE PROCEEDINGS OF THE MEETING OF THE AUDIT COMMITTEE HELD IN  
ANTRIM CIVIC CENTRE ON TUESDAY 11 DECEMBER 2018 AT 6.30 PM**

- In the Chair** : Councillor S McCarthy
- Committee** : Alderman W DeCourcy  
Councillors – T Girvan, P Hamill, D Hollis and M Rea
- Independent Member** : G Nesbitt
- Non-Committee Members Present** : Councillor Maguire
- Officers Present** : Director of Finance and Governance – S Cole  
Director of Organisation Development – A McCooke  
Head of Internal Audit – P Caulcutt  
Head of Finance – J Balmer  
Head of IT – G Smyth  
Head of Performance & Transformation – H Hall  
ICT Systems Support – A Cole  
Member Services – V Lisk  
Member Services – S Boyd  
Member Services – S Fisher
- In attendance** : NI Audit Office – K Beattie

**CHAIRPERSON'S REMARKS**

The Chairperson welcomed everyone to the quarterly Audit Committee Meeting and reminded all present of recording requirements.

**1. APOLOGIES**

Grant Thornton - L Kelly, B Bourke;

## **2. DECLARATIONS OF INTEREST**

Mrs Nesbitt advised that her appointment to the Board of Governance of the Jersey Audit Committee had been ratified and that while she was previously a Director of AEL Larne, she was now Vice-Chair and stated that there was no conflict of interest in relation to these appointments.

Item 3.14 - Councillor Hollis

## **3. REPORT ON BUSINESS TO BE CONSIDERED**

### **3.1 FI/AUD/1 INTERNAL AUDIT PLAN 2018/19**

Members were reminded that Internal Audit is responsible for the provision of an independent and objective opinion to the Chief Executive, Management Team and the Audit Committee on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control (i.e. the organisation's system of internal control) and that this opinion is used to inform the Council's Annual Governance Statement. Internal Audit does this in accordance with the Public Sector Internal Audit Standards (PSIAS) by providing an annual opinion which is based on and is limited to the work performed by Internal Audit throughout the year.

To date, Internal Audit has been involved in a number of investigations as well as an internal grievance. This has reduced the resource available to deliver the Internal Audit plan. In addition to this, there has been on long term sickness absence within the Service, which has also reduced the available resource for the Internal Audit Plan.

To ensure a robust audit opinion can be given, appropriate coverage of the Council's service areas needs to be audited, ensuring that the higher risk areas are completed first.

To facilitate this, we are availing of a call off contract in place that provides additional Internal Audit resource for instances where the in-house resource is reduced.

In addition to this and through agreement of the Chair of the Audit Committee and the Corporate Leadership Team, it is proposed that the Internal Audit Plan 2018/19 be re-profiled to take into account the reduction in resource during the year and the available resource remaining until 31 March 2019. A report was circulated for Members' information which provides the re-profiled plan and the premise for re-profiling it.

The Chairperson commended the Head of Internal Audit for the work that had been carried out despite a reduced resource and for the plan to counter the circumstances. In response to Councillor Maguire, the Head of Internal Audit confirmed that the daily rate in relation to the call off contract was as per the quotation exercise approved by Council in September 2017.

Proposed by Councillor Girvan  
Seconded by Councillor Hamill and agreed that

**the Committee approves the re-profiling of the Internal Audit Plan 2018/19**

ACTION BY: Paul Caulcutt, Head of Internal Audit

**3.2 FI/AUD/2 REVIEW OF THE EFFECTIVENESS OF THE AUDIT COMMITTEE 2018/19**

Members were reminded 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 on their performance”.

Members were also reminded that in May 2018, Members of the Audit Committee participated in a facilitated self-assessment review of the performance of the Audit Committee during 2017/18.

This self-assessment included the completion of an “Evaluating the Effectiveness of the Audit Committee’ checklist which enabled the Committee to undertake and report on the assessment of their performance throughout the year. This assessment and the Audit Committee Annual Report was then reported to the Audit Committee and Council in June 2018.

The Review of the Effectiveness of the Audit Committee for 2018/19 is now due. To assist the Audit Committee in completing this review, we are proposing to facilitate a self-assessment session for Members in February 2019. A suitable date will be arranged if Members agree to this proposal. During this session we will also review and close out the actions from the 2017/18 review.

Mrs Nesbitt suggested that this would be most effective as a dedicated session and that two hours should be allowed. The Director for Finance and Governance undertook to provide a selection of dates in February for consideration.

Proposed by Councillor Hamill  
Seconded by Councillor Girvan and agreed that

**a facilitated self-assessment session in February 2019 be approved.**

ACTION BY: Sandra Cole, Director for Finance and Governance/ Paul Caulcutt, Head of Internal Audit

**3.3 FI/FIN/SOA/04 NIAO: ANNUAL AUDIT LETTER 2017/18**

Members were reminded that in September 2018, the Audit Committee approved the Statement of Accounts for the year ended 31 March 2018.

The Local Government Auditor has now issued the Annual Audit Letter 2017/18 which was circulated following completion of the audit of the Statement of Accounts by the Northern Ireland Audit Office.

Proposed by Councillor Hamill  
Seconded by Councillor Girvan and agreed that

**the report be noted.**

NO ACTION

### **3.4 FI/FIN/SOA/04 NIAO: REPORT TO THOSE CHARGED WITH GOVERNANCE 2017/18**

Members were reminded that in September 2018, the Audit Committee approved the Statement of Accounts for the year ended 31 March 2018. Members were also provided with a copy of the draft Report to Those Charged with Governance.

The Local Government Auditor has now issued the final Report to Those Charged with Governance which was circulated following completion of the audit of the Statement of Accounts by the Northern Ireland Audit Office.

The Northern Ireland Audit official advised that their contract for auditors was being retendered with a decision due mid-end January. The Director for Finance and Governance requested an early meeting with any new team to facilitate any pre-year end work to be carried out.

Proposed by Councillor Girvan  
Seconded by Councillor Hamill and agreed that

**the report be noted.**

NO ACTION

### **3.5 PT/CI/017 IMPROVEMENT AUDIT AND ASSESSMENT – AUDIT AND ASSESSMENT REPORT 2018/19**

Members were reminded that Part 12 of the Local Government Act (Northern Ireland) 2014 establishes that all Councils are under a general duty to make arrangements to secure continuous improvement in the exercise of their functions.

The Local Government Auditor carried out an 'improvement audit and an 'improvement assessment' in line with Sections 93 and 94 of the Local Government Act (Northern Ireland) 2014 and issued an Audit and Assessment Report 2018-19, which was circulated for Members' attention.

This report sets out key audit and assessment findings, with no proposals for improvement.

Proposed by Councillor Hamill  
Seconded by Mrs Nesbitt and agreed that

**the report be noted.**

NO ACTION

### **3.6 PT/CI/019 CORPORATE IMPROVEMENT PLAN 2018-19 QUARTER 2 IMPROVEMENT OBJECTIVES PROGRESS REPORT**

Members were 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 second quarter progress report was circulated 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 imposed improvement objectives across all service areas.

The Director of Finance and Governance answered a number of queries from Members in relation to the progress report circulated. The Director agreed to provide the disputed invoices report, as requested by the Policy and Governance Committee, for noting at the next Audit Committee meeting.

Proposed by Councillor Girvan  
Seconded by Mrs Nesbitt and agreed that

**the Corporate Improvement Plan 2018-19 Quarter 2 progress report be noted.**

ACTION BY: Sandra Cole, Director of Finance and Governance

### **3.7 FI/AUD/2 PREVIOUS 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.

<b>Item</b>	<b>Action</b>	<b>Progress update</b>	<b>Anticipated Completion Date</b>
<b>June 2018</b>			

Item	Action	Progress update	Anticipated Completion Date
<b>3.17 NAO: GOOD PRACTICE GUIDE – CYBER SECURITY AND INFORMATION RISK GUIDANCE FOR AUDIT COMMITTEES</b>			
(i)	Officers to consider the recommendations in the guidance and bring a report back to a future Audit Committee	<p><b>Complete</b></p> <p>The review of the recommendations has been completed including the external review of ICT security.</p> <p>A report has been included in this Audit Committee's agenda.</p>	N/A
<b>September 2018</b>			
<b>3.3 NIAO: REPORT TO THOSE CHARGED WITH GOVERNANCE (DRAFT)</b>			
(i)	Further consideration be given to the inclusion of implementation dates within Section 4 findings to the final Report to Those Charged with Governance to be brought to the December Audit Committee.	<p><b>Complete</b></p> <p>Implementation dates have been included within the final Report to Those Charged with Governance.</p> <p>The final Report to Those Charged with Governance has been included in this Audit Committee's agenda.</p>	N/A
<b>3.10 RISK MANAGEMENT: RISK REPORTING AND COMMUNICATION</b>			
(i)	Officers to review the scoring of the Crematorium and Burial Provision risk and consider the inclusion.	<p><b>Complete</b></p> <p>The Crematorium and Burial Provision risk has been reviewed and rescored. Details of the change have been included within the Risk Reporting and Communication report in this Audit Committee's agenda.</p>	N/A
<b>3.10 RISK MANAGEMENT: RISK REPORTING AND COMMUNICATION</b>			
(ii)	Officers to consider the inclusion of a corporate risk in relation to the political situation and potential for devolved powers to Council.	<p><b>Complete</b></p> <p>The Director of Finance and Governance met with the Chair of the Audit Committee to discuss the issue.</p> <p>Given that the Council has limited scope for action, it was agreed that the issue will not be included within the Corporate Risk Register.</p> <p>Further consideration of other potential routes of for action to be undertaken.</p>	N/A

### 3.12 NIAO: LOCAL GOVERNMENT AUDITOR'S REPORT 2018

(i) At the request of the Independent Member, an update be provided regarding flexible working in the context of absenteeism.	<b>Complete</b> The Director of Organisation Development provided an update to the Independent Member.	N/A
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Proposed by Councillor Girvan  
Seconded by Councillor Hamill and agreed that

**the report previous actions update be noted.**

NO ACTION

### 3.8 FI/AUD/1 INTERNAL AUDIT UPDATE REPORT

A report containing a summary of Internal Audit activity since the Audit Committee last met on 18 September 2018 was circulated. The report includes the objectives and conclusions reached for each completed engagement and management comments as applicable.

Proposed by Mrs Nesbitt  
Seconded by Councillor Girvan and agreed that

**the report be noted.**

NO ACTION

### 3.9 FI/AUD/3 RISK MANAGEMENT: RISK REPORTING AND COMMUNICATION

The following parameters are now reported and presented to Committee on a quarterly basis.

- New risks added to the Corporate Risk Register (regardless of level of risk), and any closed risks
- Changes in risk level (regardless of risk level).
- Profile of the existing Corporate Risks (currently 25 risks) and the associated Risk Scores.

While the current profile confirms there are no closed risks, a number of changes have been made to the Register as outlined below:

1. The previous Emergency Planning and Business Continuity risk has been split into two new separate risks to better reflect the distinction between the two issues, and rescored.
2. The Information Governance residual risk score was increased in May due to the commencement of the GDPR Regulations. Following implementation of systems and processes in line with our GDPR Action

Plan, no significant issues have arisen to date, so the residual risk score has now reduced from 32 to 24 (decreased likelihood score from 4 to 3).

3. The Crematorium and Burial Provision risk score shows a reduction in risk level of -3. The residual risk score has reduced from 30 to 27, to take account of improved service arrangements at Carnmoney Cemetery arising from the provision of additional plots using the newly installed stabilisation system. The inherent risk score has also been reconsidered and increased from 30 to 40 (increasing the likelihood score from 3 to 4), to more accurately reflect the risk without controls in place.

### Existing Profile of the Council's Corporate Risk Register (As of 27/11/18)

Risk Number	Title	Total Risk Score		Changes
		Inherent	Residual	In risk level
<b>Corporate Risk Register</b>				
CPR000010	Budgetary Control	44	27	None
CPR000044	ICT Infrastructure	36	21	None
CPR000045	Adequate Reserves	36	6	None
CPR000046	Statutory and Regulatory Obligations	24	8	None
CPR000047	Procurement	40	12	None
CPR000014	Risk Management	36	24	None
CPR000015	Health, Safety and Wellbeing	52	21	None
CPR000016	Emergency Planning	27	12	<b>NEW</b>
CPR000017	Governance Arrangements	64	24	None
CPR000018	Information Governance	48	24	<b>-8</b>
CPR000019	Legal Issues	40	18	None
CPR000020	Skills and Knowledge	44	28	None
CPR000021	Safeguarding	36	18	None
CPR000022	Sickness Absence	44	21	None
CPR000023	Employee Relations	56	27	None
CPR000024	Employee Engagement	36	27	None
CPR000025	Council Reputation	44	21	None
CPR000026	Customer Satisfaction	36	28	None
CPR000203	Landfill and Waste Framework Directives	48	24	None
CPR000361	Council Policies and Procedures	28	21	None
CPR000246	Crematorium and Burial Provision	40	27	<b>-3</b>
CPR000433	Rate revaluation and rate appeals	36	21	None

Risk Number	Title	Total Risk Score		Changes
		Inherent	Residual	In risk level
CPR000444	Bonfires on Council owned land	32	16	None
CPR000445	Brexit	32	15	None
CPR000447	Business Continuity	33	16	<b>NEW</b>

The Risk Register continues to be actively managed by Directors and Heads of Service.

Proposed by Councillor Hamill  
 Seconded by Councillor Girvan and agreed that

**the Committee note the current Profile reported in accordance with the reporting protocol.**

NO ACTION

### 3.10 FI/AUD/3 RISK MANAGEMENT ARRANGEMENTS

An extensive review of the Council's Service Risk Registers is currently underway in an attempt to cleanse the registers and to further embed strategic Risk Management.

The overall aim is to maintain risk registers which record 'live' risks that are actively and routinely managed by risk owners.

A report outlining this review was circulated for Members' information.

Mrs Nesbitt advised that she felt that a focus on reducing risks was helpful and that dedicated sessions in her experience worked best. Mrs Nesbitt requested that details of the Council's assurance statement process be provided to her which was agreed by the Director of Finance and Governance. At the request of the Chairperson, the Director also agreed to provide the next Audit Committee meeting with a summary of what corporate risks had been removed and why.

Proposed by Mrs Nesbitt  
 Seconded by Councillor Hamill and agreed that

**the Committee notes the Risk Management Arrangements.**

ACTION BY: Sandra Cole, Director of Finance and Governance/Paul Caulcutt, Head of Internal Audit

### 3.11 ICT/GEN/020 CYBER SECURITY REVIEW

Members were reminded about an action from the Audit Committee in June, requesting that officers review the "Cyber security and information risk

guidance for Audit Committees" guidance issued by the National Audit Office.

An independent Cyber Security review was commissioned and a consultant from IT Governance carried out the work earlier this month.

The full report was circulated, however some highlights from the Executive Summary are outlined below.

**Executive Summary (Extract)**

*"The Council is aware of the cyber threat landscape in which it operates and is taking proactive steps to help prevent possible future attacks.*

[REDACTED]

**Report Recommendations**

The report outlines a number of recommendations under two main headers:

**Cyber Assessment** which focuses on the Governance, Legal, Contractual arrangements as well as Asset management and training.

**Cyber Security Controls** looks at the technical infrastructure currently in place to manage cyber security threats.

The recommendations from the full report have been extracted and summarised in an appendix, which was also circulated.

The Committee commended the Head of ICT for the clarity of the report and requested an update be provided to the next Audit Committee meeting highlighting which recommendations will be accepted by the Council, who will be responsible and when they will be implemented.

Proposed by Councillor Hamill  
Seconded by Mrs Nesbitt and agreed that

**the report be noted.**

ACTION BY: Graham Smyth, Head of ICT

### **3.12 FI/AUD/4 DAO (DoF) 04/18 – FRAUD PROOFING GUIDANCE**

The Department of Finance issued their Fraud Proofing Guidance (through DAO (DoF) 04/18 – a copy of which was circulated on 19 November 2018.

Its purpose is to provide guidance on the need to consider and carry out fraud proofing when developing new systems, policies or programmes so that the potential fraud risks are identified at an early stage and effective countermeasures can be developed and integrated into the design and operation of such systems. The guidance is also useful when considering existing systems, policies and programmes.

The Council already considers the risk of fraud as part of the review of fraud risk registers, but will consider the guidance when developing new systems and policies, as well as when reviewing and developing existing systems and policies.

Proposed by Mrs Nesbitt

Seconded by Councillor Girvan and agreed that

**the Committee notes the Fraud Proofing Guidance.**

NO ACTION

### **PROPOSAL TO PROCEED 'IN CONFIDENCE'**

Proposed by Councillor Girvan

Seconded by Councillor Hamill and agreed that

**any remaining Committee business be taken in Confidence.**

### **3.13 IN CONFIDENCE FI/AUD/4 NIPSO: INVESTIGATIONS – COUNCIL SERVICES**

There are currently no Northern Ireland Public Services Ombudsman's investigations in respect to Council services for Members' consideration.

Proposed by Councillor Girvan

Seconded by Councillor Hamill and agreed that

**the report be noted.**

NO ACTION

### **3.14 IN CONFIDENCE FI/AUD/4 INVESTIGATIONS UPDATE**

A report containing a progress update on investigations, since the Audit Committee last met on 18 September 2018, was circulated. The report included details of new, completed and ongoing investigations.

In response to a request from Mrs Nesbitt, the Head of Internal Audit agreed to provide a report showing the time spent on investigations in 2018 compared to 2017 to the next Audit Committee meeting.

Proposed by Councillor Girvan  
Seconded by Mrs Nesbitt and agreed that

**the report be noted.**

ACTION BY: Paul Caulcutt, Head of Internal Audit

**PROPOSAL TO PROCEED OUT OF 'IN CONFIDENCE'**

Proposed by Councillor Girvan  
Seconded by Councillor Hamill and agreed that

**any remaining Committee business be taken in Open Session.**

The Chairperson advised that the audio-recording would re-commence at this point.

**4. ANY OTHER RELEVANT BUSINESS**

The Chairman wished the members of the Audit Committee and Officers a Merry Christmas.

There being no further committee business the Chairperson thanked everyone for their attendance and the meeting concluded at 7.31pm.

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**MAYOR**

***Council Minutes have been redacted in accordance with the Freedom of Information Act 2000, the Data Protection Act 2018, the General Data Protection Regulation, and legal advice.***