



13 September 2018

Committee Chair: Councillor S McCarthy
Committee Vice-Chair: Councillor M Rea
Committee Members: Alderman – W DeCourcy
Councillors – T Girvan, P Hamill, D Hollis
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 September 2018 at 6.30pm.**

You are requested to attend.

Yours sincerely

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:
Tel: 028 9034 0048 / 028 9448 1301
memberservices@antrimandnewtownabbey.gov.uk

A G E N D A

1. Apologies.
2. Declarations of Interest.
3. Report on Business to be considered:

ITEMS FOR DECISION

- 3.1 Annual Governance Statement 2017/18
- 3.2 Statement of Accounts for the Year Ended 31 March 2018

ITEMS FOR INFORMATION

- 3.3 NIAO Report to Those Charged with Governance (Draft)
- 3.4 Previous Actions
- 3.5 Corporate Improvement Plan 2018/19 – Quarter 1 Progress Update
- 3.6 Improvement Audit and Assessment 2017/18 - Progress Update
- 3.7 Annual Business Report in Performance (Working Draft) 2017/18 – Self Assessment
- 3.8 NIAO Performance Management for Outcomes - Good Practice Toolkit
- 3.9 Internal Audit Update Report
- 3.10 Risk Management: Risk Reporting and Communication
- 3.11 National Fraud Initiative: Northern Ireland Report - June 2018
- 3.12 NIAO: Local Government Auditor's Report 2018

ITEMS IN CONFIDENCE

- 3.13 NIPSO: Investigations – Council Services
- 3.14 Fraud, Whistleblowing and Other Investigations
4. Any Other Relevant Business.

ITEMS FOR DECISION

3.1 FI/AUD/1 ANNUAL GOVERNANCE STATEMENT 2017/18

Members are reminded that a copy of the draft (unaudited) Statement of Accounts for the year ended 31 March 2018, including the Annual Governance Statement was presented at the June Audit Committee.

The Annual Governance Statement has been amended to include reference to an information governance incident that occurred in 2018/19, prior to the approval of the Financial Statements. A number of minor amendments have also been made to the Annual Governance Statement at the suggestion of the Local Government Auditor.

A copy of the updated Annual Governance Statement 2017/18 is **enclosed**.

Regulation 4(4) of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 also requires that "...a local government body as a whole or committee must approve an annual governance statement prepared in accordance with proper practices on internal control."

RECOMMENDATION: that

- (a) the Committee approves the Annual Governance Statement 2017/18;**
- and**
- (b) the Annual Governance Statement 2017/18 be signed and dated by the Chair of the Audit Committee.**

Prepared by: Liz Johnston, Head of Governance

Agreed by: Sandra Cole, Director of Finance and Governance

3.2 FI/FIN/SOA/04 STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

Members are reminded that a copy of the draft (unaudited) Statement of Accounts for the year ended 31 March 2018, 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 that:

"8 (3)... a local government body must, no later than 30th September following the end of the financial year to which the statement relates:

- (a) Consider either by way of a committee of that body or by the members of the body as a whole the statement of accounts;
- (b) Following that consideration, approve the statement of accounts for submission to the local government auditor by a resolution of that committee or meeting;
- (c) Following approval, ensure that the statement of accounts is signed and dated by the person presiding at the committee or meeting at which the approval was given..."

and

"(4) The chief financial officer must re-certify the presentation of the statement of accounts... before the relevant local government body approves it."

Members are reminded that the Council delegated authority in April 2015, to the Audit Committee to approve the Statement of Accounts.

The audited Statement of Accounts for Antrim and Newtownabbey Borough Council for the year ended 31 March 2018 are **enclosed**.

RECOMMENDATION: that

- (a) the Committee approves the Statement of Accounts for the year ended 31 March 2018;**

and

- (b) the Statement of Accounts be signed and dated by the Chair of the Audit Committee.**

Prepared by: John Balmer, Head of Finance

Agreed by: Sandra Cole, Director of Finance and Governance

ITEMS FOR INFORMATION

3.3 FI/FIN/SOA/04 NIAO: REPORT TO THOSE CHARGED WITH GOVERNANCE (DRAFT)

The Local Government Auditor has completed the audit of the Statement of Accounts for the year ended 31 March 2018 and has now issued the draft Report to Those Charged with Governance (copy of which are **enclosed**).

A copy of the final Report to Those Charged with Governance will be presented at the next Committee meeting in December 2018.

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

RECOMMENDATION: that the draft report is noted.

Prepared by: John Balmer, Head of Finance

Agreed by: Sandra Cole, Director of Finance and Governance

3.4 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.

Item	Action	Progress update	Anticipated Completion Date
June 2018			
3.1 REVIEW OF THE EFFECTIVENESS OF THE AUDIT COMMITTEE 2017/18			
(i)	The results of the self-assessment checklist, evaluating the effectiveness of the Audit Committee be reported to Council.	Complete Results reported to the Council Meeting on 25 June 2018.	N/A
3.2 AUDIT COMMITTEE ANNUAL REPORT 2017/18			
(i)	The Audit Committee Annual Report be presented to Council.	Complete Report presented to the Council Meeting on 25 June 2018.	N/A
3.17 NAO: GOOD PRACTICE GUIDE – CYBER SECURITY AND INFORMATION RISK GUIDANCE FOR AUDIT COMMITTEES			
(i)	Officers to consider the recommendations in the guidance and bring a report back to a future Audit Committee	Work in Progress The review of the recommendations is underway and will be completed in conjunction with an external review of ICT security. A report will be brought to the December Audit Committee.	December 2018
4 AOB – AUDIT COMMITTEE TRAINING			
(i)	Further training on the Audit Committee or Financial training could be arranged through the Director of Organisation Development's Team.	Complete Further training has been offered to all Members and will be provided on 19 September 2018.	N/A

Item	Action	Progress update	Anticipated Completion Date
4	AOB – NIAO: GOOD PRACTICE GUIDE ON PERFORMANCE MANAGEMENT OUTCOMES		
(i)	A Good Practice Guide on Performance Management Outcomes has been produced by the NIAO and is available for Members consideration. To be brought to the Committee in due course.	Complete Details of the completed NIAO Performance Management for Outcomes - Good Practice Toolkit will provided to Members at Item 3.7 of this Committee.	N/A

RECOMMENDATION: that the previous actions update be noted.

Prepared by: Paul Caulcutt, Head of Internal Audit

Agreed by: Sandra Cole, Director of Finance and Governance

3.5 PT/CI/019 CORPORATE IMPROVEMENT PLAN 2018-19 QUARTER 1 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. The Council's Corporate Improvement Plan 2018-19 was approved in June 2018 with seven identified improvement objectives.

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

RECOMMENDATION: that the Corporate Improvement Plan 2018-19 Quarter 1 progress report be noted.

Prepared by: James Porter, Performance Improvement Officer

Approved by: Helen Hall, Head of Performance and Transformation

Agreed by: Sandra Cole, Director of Finance and Governance

3.6 CE/OA/032 IMPROVEMENT AUDIT AND ASSESSMENT 2017/18: PROGRESS UPDATE

Members are reminded that Part 12 of the Local Government Act (Northern Ireland) 2014 (the Act) 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 assessment for 2017-18 and a report was issued in November 2017.

The Local Government Auditor identified a number of proposals for improvement and Officers developed a corresponding action plan to respond to these proposals which were approved by the Audit Committee in December 2017.

A progress report for 2017-18 is **enclosed** for Member's attention.

RECOMMENDATION: that the report be noted.

Prepared by: James Porter, Performance Improvement Officer

Approved by: Helen Hall, Head of Performance and Transformation

Agreed by: Sandra Cole, Director of Finance and Governance

3.7 PT/GEN/012 ANNUAL REPORT ON PERFORMANCE (WORKING DRAFT) 2017-2018 – SELF ASSESSMENT

Members are advised that the Annual Report on Performance (Working Draft) 2017-18 – Self Assessment provides an overview of the progress made in terms of the four strategic pillars set out in the Corporate Plan 2015-30.

This document also presents a self-assessment of the performance of Antrim and Newtownabbey Borough Council (the Council) in discharging the general duty under Part 12 of the Local Government Act (Northern Ireland) 2014 (the Act) in relation to performance improvement arrangements. It sets out an assessment of the Council's performance against the following requirements:

1. Statutory performance improvement indicators and standards for the functions of Economic Development, Planning and Waste for 2017/2018, including comparison with the previous year;
2. Performance improvement objectives set out in the 2017/2018 Corporate Improvement Plan;
3. Baseline information on self-imposed indicators and standards collected during 2017-2018 and the previous year.

The publication of this information by Council fulfils in part the statutory requirement under Part 12, Section 92 of the Act.

Members are advised a copy of the Annual Report on Performance (Working Draft) 2017-18 – Self Assessment is **enclosed** for Members' attention.

RECOMMENDATION: that the Annual Report on Performance 2017-18 (Working Draft) – Self Assessment be noted.

Prepared by: Helen Hall, Head of Performance and Transformation

Agreed by: Sandra Cole, Director of Finance and Governance

3.8 PT/GEN/020 NIAO: PERFORMANCE MANAGEMENT FOR OUTCOMES - GOOD PRACTICE TOOLKIT

Members are reminded that at the June Audit Committee, the NIAO referred to their recently published Performance Management for Outcomes – Good Practice Guide, a copy of which is **enclosed**.

Members are also reminded that they had requested that management review the publication, and a report be brought back to the Committee.

The Self-Assessment Toolkit has been completed and is **enclosed** for Members' attention.

RECOMMENDATION: that the report be noted.

Prepared by: Helen Hall, Head of Performance and Transformation

Agreed by: Sandra Cole, Director of Finance and Governance

3.9 FI/AUD/1 INTERNAL AUDIT UPDATE REPORT

A report containing a summary of Internal Audit activity since the Audit Committee last met on 19 June 2018 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

Agreed by: Sandra Cole, Director of Finance and Governance

3.10 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 24 risks) and the associated Risk Scores.

The current profile confirms there are two new risks and no closed risks. The new risks relate to:

The current profile confirms there are no new or closed risks. The Information Governance residual risk score was increased due to the commencement of the GDPR Regulations in May. Although no significant issues have arisen to date, this remains unaltered as a level of uncertainty continues to remain in the absence of clear guidance from the ICO and the absence of case law.

The ICT residual risk has been reduced due to the provision of a new telephony system. The likelihood score has been reduced from 4 to 3, reducing the residual risk score from 28 to 21. This was installed and operational at the end of August 2018.

Existing Profile of the Council's Corporate Risk Register (As of 07/09/18)

Risk Number	Title	Total Risk Score		Changes
		Inherent	Residual	In risk level
Corporate Risk Register				
CPR000010	Budgetary Control	44	27	None
CPR000044	ICT Infrastructure	36	21	-7
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 and Business Continuity	33	16	None
CPR000017	Governance Arrangements	64	24	None
CPR000018	Information Governance	48	32	None
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

Risk Number	Title	Total Risk Score		Changes
		Inherent	Residual	In risk level
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	30	30	None
CPR000433	Rate revaluation and rate appeals	36	21	None
CPR000444	Bonfires on Council owned land	32	16	None
CPR000445	Brexit	32	15	None

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

RECOMMENDATION: that Committee note the current Profile reported in accordance with the agreed reporting protocol.

Prepared by: Liz Johnston, Head of Governance

Agreed by: Sandra Cole, Director of Finance and Governance

3.11 FI/AUD/27 NATIONAL FRAUD INITIATIVE: REPORT BY THE COMPTROLLER AND AUDITOR GENERAL 19 JUNE 2018

On 19 June 2018, the Comptroller and Auditor General published his report on the outcomes of the fifth National Fraud Initiative (2016) exercise in Northern Ireland.

The report highlights that the total outcomes for the first five NFI exercises in Northern Ireland are almost £35 million and that between 1 April 2016 and 31 March 2018, local participation in the NFI 2016 resulted in outcomes of almost £1.9 million, including:

- Almost £814,000 of rates evasion;
- Almost £648,000 of pensions fraud and overpayment; and
- Almost £137,000 of housing benefit fraud and overpayments.

The NFI also highlighted duplication or inconsistencies in data which can be corrected by organisations, providing qualitative benefits and leaving organisations less vulnerable to fraud.

A copy of the National Fraud Initiative report is **enclosed** for Members information.

RECOMMENDATION: that the Committee notes the National Fraud Initiative: Report by the Comptroller and Auditor General

Prepared by: Paul Caulcutt, Head of Internal Audit

Agreed by: Sandra Cole, Director of Finance and Governance

3.12 FI/AUD/2 NIAO: LOCAL GOVERNEMENT AUDITOR'S REPORT 2018

The Local Government Auditor published her report on the exercise of her functions in the year to 31 March 2018. This includes the audit of the 2016/17 accounts of the 11 Councils as well as the audit and assessment of the Councils' performance improvement responsibilities for 2017/18.

A copy of the Local Government Auditors' Report is **enclosed** for Members information.

At the Policy and Governance Committee held on 4 September 2018, Members requested information on the updated position for Antrim and Newtownabbey Borough Council on a number of issues discussed in the Local Government Auditor's report, as follows:

Absence Levels (Page 43)

The report highlights that the average sickness absence rate for the 11 Councils increased by almost 7.3% to 14.95 days in 2016/17 up from 13.93 days in 2015/16. Sickness absence varied significantly between Councils, with the highest recorded at 18.3 days and the lowest at 12.4 days for the 2016/17 year. Increases in absenteeism were attributed to a rise in long-term sickness absence because of conditions such as severe depression, musculoskeletal problems and stress.

Antrim and Newtownabbey Councils recorded 14.36 average days absence per employee for the 16/17 reporting year, just below the 2016/17 all Council average of 14.95 days.

At that time the Council agreed a number of targeted interventions to support the health and wellbeing of staff and also ensure service delivery.

In particular the management of long term absences was reviewed because it accounted most for the overall increase from the previous year, and a proactive programme of interventions was introduced to address the top reasons for absence which included musculoskeletal issues, stress and depression. A number of measures were also established to recognise staff with no absence during each reporting year, which last year accounted for 53% of the overall workforce.

Positively, a reduction in absence was realised across the Council in 2017/18 and it was reported that the Council exceeded its absence reduction target with the average days sickness per employee being reported as 11.88 (target of 13).

A target of 13 average days sickness per employee has been set for 2018/19, and the Council is currently on track to achieve this.

It is also noted in the report that going forward, the Local Government Auditor will continue to keep absence levels under review and will consider the benefits of a more detailed study in this area.

Agency Staff (Page 45)

The report highlights that significant levels of spending by all Councils on agency staff continued in 2016/17. Total spend on agency staff went from £20.3 million in 2015/16 to £24.2 million in 2016/17, an increase of £3.9 million (19.1%).

Antrim and Newtownabbey Borough Council's spend on agency staff is mid table for both 2015/16 and 2016/17. Following the merge of the Antrim and Newtownabbey Councils in April 2015, there was significant organisational change relating to a full organisations restructuring exercise and voluntary redundancy programme.

During this period there were restrictions to filling permanent posts linked to the Local Government Vacancy Control Procedures, which increased the need to fill posts on a temporary basis through the use of recruitment agencies. In addition to this, agency staff are also used across Council services for a number of operational reasons including cover for sickness absence.

The use of recruitment agencies has now decreased as the Council completes the exercise of filling posts in the new structure, and absence levels reduce. As a result, agency spend in Antrim and Newtownabbey Borough Council reduced to £1.7 million in 2017/18 (£1.9 million 2016/17).

The use of agency workers is reviewed and reported on a regular basis and a further reduction is expected in the use of recruitment agencies during 2018/19.

In her report, the Local Government Auditor recognises that the use of agency staff, particularly during a period of significant change, may be required to meet business needs. The Local Government Auditor further states that Councils must ensure that their employment continues to deliver value for money and that she intends to keep the cost of agency staffing under review and if considered appropriate, may examine expenditure in this area in greater detail in future audit work.

Prompt Payments (Page 47)

The report states that late payment of invoices is a key concern for business as it can reduce their cash flow and jeopardise their ability to trade. Councils are encouraged by government to pay suppliers as promptly as possible and to endeavour to meet the commitment made by the Northern Ireland Executive to pay the majority of valid invoices within 10 days.

In 2016/17, all Councils processed nearly 303,000 invoices with an approximate value of £609 million. On average 83% of all invoices were paid within 30 working days and 48% within 10 days.

During 2016/17 Antrim and Newtownabbey Borough Council paid 83% of invoices within 30 days and 49% were paid within 10 days. Figures for 2017/18 show that the Council has achieved its improvement objective as 86% of all invoices were paid within 30 days and 70% within 10 days.

For the first quarter of 2018/19, the performance has again improved with 92% of invoices paid within 30 days and 73% within 10 days.

Antrim and Newtownabbey Borough Council is aware of the importance of cash flow to businesses, particularly small businesses and will continue to review its current processes to ensure that suppliers receive payments more quickly.

In her report the Local Government Auditor has suggested there is considerable scope for Councils to improve their performance in this area and that she intends to continue to monitor Council's prompt payment performance and may report any findings in greater detail in the future.

RECOMMENDATION: that the Committee notes the NIAO's Local Government Auditor's Report 2018

Prepared by: Paul Caulcutt, Head of Internal Audit

Agreed by: Sandra Cole, Director of Finance and Governance