



**MINUTES OF THE PROCEEDINGS OF THE MEETING OF THE AUDIT COMMITTEE HELD IN
ANTRIM CIVIC CENTRE ON TUESDAY 13 DECEMBER 2016 AT 6.30 PM**

- In the Chair** : Councillor M Rea
- Committee** : Councillors - T Beatty, T Girvan, P Hamill and M Maguire
- Non Committee Members Present** : Councillor J Montgomery
- Independent Member** : Mrs G Nesbitt
- Officers Present** : Chief Executive - Mrs J Dixon
Director of Finance and Governance - Ms C Archer
Director of Organisation Development - Mrs A McCooke
Head of Governance - Mrs L Johnston
Head of Finance - Mr J Balmer
Internal Auditor - Mr P Caulcutt
Business Change Manager - Mrs H Hall
ICT Systems Support - Mr J Higginson
Senior Mayor & Member Services Officer - Mrs K Smyth
- In attendance** : Mr Richard Ross (NI Audit Office)
Ms Michelle Maginnis (Grant Thornton)
Mrs Cara McCrory (PwC)

CHAIRMAN'S REMARKS

The Chairman welcomed everyone to the quarterly Audit Committee Meeting and reminded all present of recording requirements. In particular, he welcomed Colette Archer to her first Audit Committee Meeting in her new role of Director of Finance & Governance.

1. APOLOGIES

Councillor D Hollis.

2. DECLARATIONS OF INTEREST

- Mrs Grace Nesbitt, Independent Member, informed Committee that she recently became a Member on the Audit Committee for the Department for Economy and confirmed no conflict of interest was perceived.
- The Chairman, Councillor Rea, referred to item 3.6 (GROW items - RRTCWG and AAL) and confirmed he represented the Council on GROW.

At this point the Director of Finance & Governance introduced Mrs Cara McCrory (PwC) to the Committee.

3.1 PRESENTATION - LOCAL GOVERNEMENT PERFORMANCE IMPROVEMENT

A presentation was provided for Members on the Performance Improvement responsibilities as outlined in Part 12 of the Local Government Act (Northern Ireland) 2014 by the Business Change Manager, Mrs Helen Hall.

The presentation gave Members an overview of the Council's progress in terms of where we are in the process and also actions undertaken and planned in order for Council to meet its duties under performance improvement.

Council had recently undergone an audit by the Local Government Auditor and one of the proposals for improvement was that training be delivered to Members of the Audit Committee and the Policy & Governance Committee.

It was highlighted that improvement objectives should correspond directly with the Council's priorities for improvement, their selection on the basis of critical self-analysis taking account of a wide range of evidence. Each objective set should be legitimate, clear, robust and deliverable.

The responsibilities for consulting on improvement, recording and reporting on progress were outlined together with publication requirements. The role of the Audit / Governance function and areas assessed by the Local Government Auditor were also detailed.

One improvement proposal from the Local Government Auditor referred to the "Terms of Reference" for both the Audit Committee and Policy & Governance Committee being updated to reflect the performance improvement responsibilities.

NOTED: copies of the powerpoint presentation were available from Member Services.

ACTION BY: Helen Hall, Business Change Manager.

3.2 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 was provided.

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

Item Number	Action	Progress update	Anticipated Completion Date
September 2016			
3.1 PREVIOUS ACTIONS			
(ii)	The next Audit Committee Agenda would include an update on progress associated with the recovery of outstanding debt. (Also see June 2016 (iii) below)	In Progress Overall level of invoiced debt fell slightly (14%) in first 8 months of 16/17. Further alignment of services has taken place and further software enhancements made to increase efficiency.	31 January 2017
June 2016			
(iii)	Officers to consider measures in relation to the recovery of outstanding debt.	In Progress Work is ongoing in determining the best way to manage and recover outstanding debt. Finance is also considering approaches undertaken by other Councils in determining measures suitable for the Council.	31 March 2017
3.3 INTERNAL AUDIT ANNUAL REPORT			
(i)	Officers to consider the inclusion of an audit of 'Policies and Processes' within the Audit Plan.	In Progress An audit of 'Policies and Processes' will be considered for inclusion in the 2017/18 Operational Plan, to be presented to the Audit Committee in March 2017 for approval.	31 March 2017
3.8 INTERNAL AUDIT STRATEGY 2016-19 AND OPERATIONAL PLAN 2016/17			
(i)	The budget for providing advice and guidance in the 2017/18 Plan onwards be increased.	In Progress The budget for advice and guidance will be increased in the formulation of the 2017/18 Operational Plan, to be presented to the Audit Committee in March 2017 for approval.	31 March 2017

Proposed by Councillor Hamill
Seconded by Councillor Beatty and agreed that

the previous actions update be noted.

NO ACTION

3.3 FI/AUD/11 PROGRESS REPORT ON THE RECOVERY OF OUTSTANDING DEBT

Introduction

Following an audit of debtors in June 2016, the Audit Committee requested a brief follow up report on debt recovery.

The report covered the period from 1 March 2016 to 31 October 2016 to include the issue of annual trade waste invoices in March 2016.

The report covered the following areas:

- Debtors Ledger Activity
- Systems Development
- Next Steps

Debtors Ledger Activity

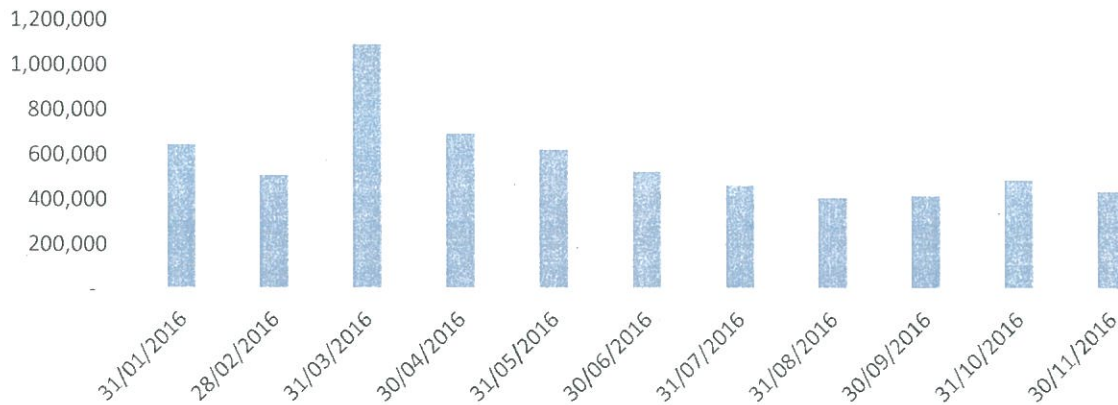
Table 1 below showed the level of sales ledger activity over the last 9 months.

	No. of Invoices	Value
		£
Invoices Issued	3,343	2,138,857
Cash received		(2,212,368)
Opening balance @ 01/03/16		508,733
Closing Balance @ 30/11/16		435,222

Overall debt due to Council stands at £ 435,222; a decrease of £73,511 from 1st March 2016. In terms of the number of days taken to pay Council this represented an average debt repayment time of 80 days.

Plotting the monthly outstanding debt over time showed very clearly the spike in overall debt on release of the annual trade waste invoices (£566k) in March 16. The overall trend was however downward.

Outstanding Debtors Balances



In terms of age profile, the debt structure of the outstanding debt was shown in the table below

Total	Current	1 – 2 month	2 - 3 months	3 – 4 months	>4 months
435,223	112,371	113,868	66,362	4,714	137,907
	26%	26%	15%	1%	32%

The profile showed a concentration of debt owed (67%) that was less than 3 months old and a further significant amount due that was at least 4 months old. Within this category there would be debt that is proving difficult to collect, debtors with specific payment plans in place (e.g. some £74,820 relates to trade waste debt for customers who pay by monthly direct debit) and debt for which write off would have to be considered.

These debts would have followed a set protocol of:

- 1st reminder
- 2nd reminder/ phone call
- Withdrawal of service
- Payment plan agreed/ further action

Systems Development

Legacy systems continue to be reviewed to align the procedures for administration of sales invoices and debt recovery.

The following areas had undergone review and new systems put in place:

- trade waste
- building control

- rentals including property and franchises
- room rentals for courses and seminars
- miscellaneous items e.g. recyclables

Areas remaining:

- leisure centre bookings

In the case of leisure centre invoicing, a hybrid approach of centralised and decentralised management of invoicing and debt recovery continues. In the case of 'Room Rentals' which centralised on to one booking system in July 16, the facility to interface with the Council's main finance system had also been developed. This went 'live' in November 16 and would allow these debts to be monitored through the debt management module of the main finance system.

It was hoped to apply this same import routine to leisure centre invoicing if necessary in this last area to review.

Next Steps

Leisure invoicing was the last area to review. Initial meetings had taken place and it was hoped to complete this area by 31 January 2017.

The performance indicator for debt management was 'debtors days'. Currently this sits at 80 days – it would be our aim to reduce this to 60 days through:

- enhancing the debt management procedures
- better communication with service managers to help follow up on debts
- automation of processes

Proposed by Councillor Maguire

Seconded by Councillor Beatty and agreed that

the progress report on the recovery of outstanding debt be noted.

NOTED: request from Mrs Nesbitt for a further progress report to be brought to the next Audit Committee Meeting classifying the outstanding debt, i.e. detailing the numbers and amounts owed to Council with a differentiation made between those debts that are still within the agreed credit terms and those that are not (also identifying agreed recovery processes). Councillor Girvan also suggested having a separate report with the above report for age debtors which also identifies direct debit debtors.

ACTION BY: John Balmer, Head of Finance

3.4 CE/GEN/40 NORTHERN IRELAND AUDIT OFFICE - DRAFT IMPROVEMENT AUDIT AND ASSESSMENT REPORT 2016-17

Members were reminded that Part 12 of the Local Government Act (Northern Ireland) 2014 (the Act) established that all Councils are under a general duty to make arrangements to secure continuous improvement in the exercise of their functions. The Department for Communities previously published 'Guidance for Local Government Performance Improvement 2016' (the Guidance) in which Councils and the Local Government Auditor have to follow.

The Local Government Auditor carried out an assessment of the Council's performance for 2015-16 and the 2016-17 Improvement Plan in accordance with the Section 93 of the Local Government Act (Northern Ireland) 2014 and the Code of Audit Practice for local government bodies. In addition the Auditor performed an improvement assessment for 2016-17 in accordance with Section 94 of the Act and the Code of Audit Practice.

A final Audit and Assessment report for 2016 had been received and was circulated for Members' attention which concluded that the Council had discharged its duties under Part 12 of the Act and had acted in accordance with the Department for Communities' guidance sufficiently.

The Local Government Auditor had identified a number of proposals for improvement and Officers had developed a corresponding action plan to respond to these proposals. The Action Plan was circulated for Members' attention.

Proposed by Councillor Beatty
Seconded by Councillor Hamill and agreed that

the Northern Ireland Audit Office Draft Audit and Assessment Report 2016-17 and draft Action Plan be noted.

ACTION BY: Helen Hall, Business Change Manager

3.5 CE/GEN/40 CORPORATE IMPROVEMENT PROJECTS - SECOND QUARTER UPDATE

Members were 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. The Council's Corporate Improvement Plan 2015/16 was approved in June 2016 and eight project teams had been established to ensure the delivery of the agreed outcomes were achieved.

A second quarter update was circulated for Members' attention.

Proposed by Councillor Beatty
Seconded by Councillor Hamill and agreed that

the Corporate Improvement Plan update report be noted.

NOTED: request from Councillor Maguire for Council to aim towards a Governance Accreditation, this being accorded as one of Council's targets.

ACTION BY: Helen Hall / Liz Johnston

NOTED: request from Mrs Nesbitt to be furnished with a copy of Council's staff engagement survey and results.

ACTION BY: Andrea McCooke, Director of Organisation Development

3.6 FI/FIN/SOA/01; FI/FIN/SOA/02 REPORTS TO THOSE CHARGED WITH GOVERNANCE AND ANNUAL AUDIT LETTERS

Members were reminded that in September 2016, the Audit Committee approved the following Statement of Accounts and were provided with the draft Report to Those Charged with Governance for each.

- FI/FIN/SOA/01 - Antrim and Newtownabbey Borough Council for the year ending 31 March 2016
- FI/FIN/SOA/02 - GROW South Antrim Joint Council Committee for the period ended 30 September 2015

The Local Government Auditor had now issued the final Report to Those Charged with Governance (copies of which were circulated) following completion of the audit by the Northern Ireland Audit Office of the above Accounts.

The Annual Audit Letters had also been issued in respect of the above (*GROW and ANBC was circulated*).

Part 12 of the Local Government Act (Northern Ireland) 2014 (the Act) established that all councils were under a general duty to make arrangements to secure continuous improvements in the exercise of their functions. The Local Government Auditor had recently carried out an improvement audit and improvement assessment for 2016-17 and had provided a standard unqualified opinion. The Council had been issued with a copy of the Report to Those Charged with Governance and Certificate (copies of which were circulated) in respect of this work.

Proposed by Councillor Beatty
Seconded by Councillor Maguire and agreed that

the Committee notes the final Reports to Those Charged with Governance for each of the above audits of Accounts and the associated Annual Audit Letters.

ACTION BY: Paul Caulcutt, Internal Auditor

NOTED: the Director of Organisation Development undertook to clarify the query raised by Councillor Maguire in relation to represented absenteeism figures.

ACTION BY: Andrea McCooke, Director of Organisation Development

3.7 FI/AUD/1 INTERNAL AUDIT UPDATE REPORT

Report containing a summary of Internal Audit activity for Antrim and Newtownabbey Borough Council, since the Audit Committee last met on 20 September 2016, was circulated. The report included the objectives and conclusions reached for each completed assignment and management comments as applicable.

Members noted that the Internal Audit Update report had been produced in a new format that provided an interactive layout, the intention of which was to enable Members to navigate through the report more easily.

Members' feedback on the new report format was appreciated and if applicable, any suggestions that Members considered would make the report more user-friendly and meaningful.

Proposed by Councillor Maguire
Seconded by Councillor Beatty and agreed that

the Committee notes the Internal Audit Update Report.

ACTION BY: Paul Caulcutt, Internal Auditor

NOTED: request from Mrs Nesbitt for Council to consider including safeguarding within the Audit Plan for next year (including a review of the area of coaches).

ACTION BY: Colette Archer / Andrea McCooke

NOTED: the Director undertook to confirm with Councillor Maguire whether Agency staff use the TMS system.

ACTION BY: Andrea McCooke

3.8 FI/AUD/4 DAO (DoF) 09/16: GOOD PRACTICE PROCEDURES IN FRAUD INVESTIGATIONS

The Council had been in receipt of correspondence from the Department of Finance (DAO (DoF) 09/16, a copy of which was circulated, advising the Council of a number of points of good practice when handling and managing fraud investigations.

These points had been taken from various Northern Ireland Audit Office (NIAO) and Public Accounts Committee (PAC) report in recent years.

The Good Practice Principles included:

- Proper and prompt investigation
- Planning
- Evidence Gathering
- Whistleblowers
- Oversight / Monitoring
- Investigations relating to Arm's Length Bodies (ALBs)

The Council would ensure that these principles would be considered and suitably covered within the Anti-Fraud and Corruption Strategy and Fraud Response Plan to ensure that they were applied consistently in any fraud investigations undertaken.

In addition to the setting out the Good Practice Principles above, the correspondence also advised that the Department had established a NICS Group Fraud Investigation Service and that this service could be availed of by all Northern Ireland Public Sector Bodies.

Proposed by Councillor Beatty
Seconded by Councillor Maguire and agreed that

the Committee notes the good practice procedures in fraud investigations as set out in DAO (DoF) 09/16.

NO ACTION

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

The following parameters were 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 19 risks) and the associated Risk Scores.

The current profile confirmed there are no new or closed risks, or any changes to the risk level.

[Existing Profile of the Council's Corporate Risk Register \(As of 30/11/16\)](#)

Risk Number	Title	Total Risk Score		Changes
		Inherent	Residual	In risk level
Corporate Risk Register 05/07/16				
CPR000010	Budgetary Control	44	14	None
CPR000044	ICT Infrastructure	36	14	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 and Business Continuity	33	16	None
CPR000017	Governance Arrangements	64	24	None
CPR000018	Information Governance	48	24	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
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

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

Proposed by Councillor Beatty
Seconded by Councillor Hamill and agreed that

The Committee notes the current Profile of the Council's Risk Register in accordance with the agreed reporting protocol.

ACTION BY: Liz Johnston, Head of Governance

PROPOSAL TO PROCEED 'IN CONFIDENCE'

Proposed by Councillor Maguire
Seconded by Councillor Hamill and agreed that

the following Committee business be taken 'In Confidence'.

The Chairman advised that audio-recording would cease at this point.

IN CONFIDENCE

3.11 FRAUD, WHISTLEBLOWING AND OTHER INVESTIGATIONS

The Committee noted that this was a standing item on the Agenda and welcomed an update from the Internal Auditor on early investigations into three unconfirmed allegations.

The Internal Auditor assured Members that there was no significant concern in terms of Governance or control weakness.

PROPOSAL TO PROCEED OUT OF 'IN CONFIDENCE'

Proposed by Councillor Beatty

Seconded by Councillor Maguire and agreed that

any remaining Committee business be taken in Open Session.

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

ANY OTHER RELEVANT BUSINESS

The Chairman extended best wishes for the future to the Senior Mayor & Member Services Officer, Mrs Kim Smyth, who was taking up a new post at the start of January 2017. Mrs Smyth conveyed her thanks to the Chairman, all Elected Members and colleagues for their support and guidance during her 16 years with Council.

Mrs McCrory (PWC) addressed Committee briefly, looked forward to working with Council on audit matters and complimented the Internal Auditor, Paul Caulcutt, on his professionalism in delivering audit reports and responding to enquiries.

There being no further Committee business the Chairman thanked everyone for their attendance and conveyed seasonal compliments to Members and staff, wishing everyone a Merry Christmas and Happy New Year.

The meeting concluded at 8.45 pm.

MAYOR

Council Minutes have been redacted in accordance with the Freedom of Information Act 2000, the Data Protection Act 1998 and legal advice.

