



**MINUTES OF THE PROCEEDINGS OF THE MEETING OF THE AUDIT COMMITTEE HELD IN  
MOSSLEY MILL ON TUESDAY 21 SEPTEMBER 2021 AT 6.30 PM**

- In the Chair** : Councillor A McAuley
- Committee** : Councillors – A Bennington and J Montgomery
- Independent Member** : G Nesbitt
- Non Committee Members Present** : Councillor N Ramsay
- Officers Present** : Deputy Chief Executive of Finance and Governance – S Cole  
Deputy Director of Finance and Capital (Interim) - J Balmer  
Head of Internal Audit – P Caulcutt  
Head of Finance (Interim) – R Murray  
Head of ICT – G Smyth  
Head of Performance & Transformation – H Hall  
Head of Governance – L Johnston  
Systems Support Officer – C Bell  
ICT Helpdesk Officer – J Wilson  
Member Services Officer – S Boyd
- In Attendance:** Northern Ireland Audit Office – A Allen  
ASM Accountants - C Hagan  
On Board Training Consultant - D Nicholl

**CHAIRPERSON'S REMARKS**

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

In order to protect public health during the current COVID-19 emergency it was not possible to allow the public or the press to physically attend the meeting. The public and the press can access those parts of the meeting which they are entitled to attend via livestream (a link to which is on the Council website). The meeting minutes and audio recording would be published on the Council's website.

## 1. APOLOGIES

None

## 2. DECLARATIONS OF INTEREST

Item 4.1 – P Caulcutt, Head of Internal Audit

The Chairperson extended condolences to the family of Councillor Paul Hamill on behalf of the Committee following his sad passing.

## 3 ITEMS FOR DECISION

### 3.1 **FI/FIN/SOA/07 ANNUAL GOVERNANCE STATEMENT 2020/21**

Members were reminded that a copy of the draft (unaudited) Statement of Accounts for the year ended 31 March 2021, including the Annual Governance Statement, was presented at the June Audit Committee.

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

A copy of the updated Annual Governance Statement 2020/21 was circulated, with the most significant amendments being highlighted red for Members information.

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."

Proposed by Councillor Bennington  
Seconded by Councillor Montgomery and agreed that

**(a) the Committee approves the Annual Governance Statement 2020/21;**

**and**

**(b) the Annual Governance Statement 2020/21 be signed and dated by the Chair of the Audit Committee.**

*ACTION BY: Paul Caulcutt, Head of Internal Audit*

### 3.2 **FI/FIN/SOA/07 FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

Members were reminded that a copy of the draft (unaudited) Statement of Accounts for the year ended 31 March 2021, 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 30<sup>th</sup> 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 were 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 2021 were circulated.

Proposed by Councillor Bennington  
Seconded by Councillor Montgomery and agreed that

**(a) the Committee approves the Statement of Accounts for the year ended 31 March 2021;**

**and**

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

*ACTION BY: Richard Murray, Head of Finance (Interim)*

#### **4 ITEMS FOR INFORMATION**

*Having declared an interest in the following Item the Head of Internal Audit, Paul Caulcutt left the Chamber.*

##### **4.1 FI/AUD/01 EXTERNAL REVIEW OF INTERNAL AUDIT**

Members were reminded that the Local Government (Accounts and Audit) (Amendment) Regulations (NI) 2006 requires Councils to maintain an

adequate and effective system of Internal Audit. This legislation also requires Councils to conduct a review of the effectiveness of their system of Internal Audit at least once a year.

The Council completes annual internal reviews, concluding that the Internal Audit substantially conforms to the Public Sector Internal Audit Standards, providing the Audit Committee with assurance that the Council's Internal Audit service is acting in accordance with relevant professional requirements.

To provide the Council with independent assurance of the effectiveness of Internal Audit, the Public Sector Internal Audit Standards (PSIAS), requires an external assessment to be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation.

In December 2020, the Audit Committee approved the procurement of an independent external review of Internal Audit, with the results of this review to be reported to the Audit Committee.

This review, undertaken by appropriately qualified, experienced and independent assessors, has now been completed and copy of the report was circulated.

The overall conclusion within the report is:

- "The Council's QAIP for 2020/21 has concluded that "current practices and procedures demonstrate that the Council's Internal Audit section substantially conforms to the Public Sector Internal Audit Standards".
- The Assessor's external validation supports this conclusion. In our opinion, Antrim and Newtownabbey Borough Council's internal audit service substantially conforms with the Public Sector Internal Audit Standards and we do not consider the impact of the one instance of non-conformance and one instance of partial conformance to be significant.
- Overall, the Assessor has found that Internal Audit complies with the Standards in all key areas and operates independently and objectively."

The Independent Assessor was in attendance and responded to Members' questions.

Following a request from a Member a report to be brought back to a future Committee regarding the recommendations from the review.

In response to a query from a Member, it was agreed that an external review would be conducted once in each Council term.

Proposed by Councillor Montgomery  
Seconded by Councillor Bennington and agreed that

**the draft report be noted.**

*ACTION BY: Sandra Cole, Deputy Chief Executive of Finance and Governance*

*The Head of Internal Audit, Paul Caulcutt returned to the Chamber.*

#### **4.2 FI/FIN/SOA/07 NIAO: REPORT TO THOSE CHARGED WITH GOVERNANCE (DRAFT)**

Members were advised that the Local Government Auditor has completed the audit of the Statement of Accounts for the year ended 31 March 2021 and has now issued the draft Report to Those Charged with Governance (copy circulated).

A copy of the final Report to Those Charged with Governance will be presented at the next Committee meeting in December 2021.

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

Proposed by Councillor Bennington  
Seconded by Councillor Montgomery and agreed that

**the draft report be noted.**

*ACTION BY: Richard Murray, Head of Finance (Interim)*

#### **4.3 PT/CI/029 2020-21 ANNUAL SELF-ASSESSMENT REPORT ON PERFORMANCE**

Members were reminded that under Part 12 of the Local Government Act (Northern Ireland) 2014, Section 92(2)(b)(i) & (ii) of the Act requires the Council to publish an assessment of its performance for 2021-21.

Members were advised that a final draft of the Annual Self-Assessment Report on Performance 2020-21 has been prepared and was circulated for Members' attention.

This report provides an assessment of the Council's performance for 2020-21 in relation to its statutory performance indicators and self-imposed indicators for prompt payment and attendance. In line with the legislation, it includes a comparison of performance against previous financial years and where possible, benchmarked against other Councils.

Proposed by Councillor Montgomery  
Seconded by Councillor Bennington and agreed that

**the report be noted.**

*NO ACTION*

#### **4.4 PT/CI/033 PERFORMANCE GOVERNANCE ARRANGEMENTS 2021-23 (DRAFT)**

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.

In response to the pandemic, the Council produced a Corporate Recovery Plan 2021-23 which was approved in August 2021. This serves to ensure the recovery of our services and meets the requirements of our statutory duties.

Members recalled that the Council normally produces an annual Corporate Improvement Plan, however, given the uncertainty in the short term about recovery, we were unable to set targets for improvement. Members have agreed that we will measure and monitor the performance of the corporate indicators as set out in the Corporate Recovery Plan 2021-23 (circulated). The adoption of this approach has been approved by Elected Members and communicated to the Department for Communities and the Northern Ireland Audit Office.

To demonstrate compliance with the regulations, governance arrangements to support the delivery of the Recovery Plan were circulated for Members' information.

Proposed by Councillor Bennington  
Seconded by Councillor McAuley and agreed that

**the report be noted.**

*NO ACTION*

#### **4.5 PT/CI/038 RECOVERY PLAN – PERFORMANCE PROGRESS REPORT QUARTER ONE**

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.

In response to the pandemic, Council produced a Corporate Recovery Plan 2021-23 which was approved in August 2021. This serves to ensure the recovery of our services and meeting the requirements of our statutory duties.

Members recalled that the Council normally produces an annual Corporate Improvement Plan, however, given the uncertainty in the short term about recovery, we are unable to set targets for improvement. Members had agreed that we will measure and monitor the performance of the corporate indicators as set out in the Recovery Plan 2021-23.

A progress report for quarter one was circulated for Members' attention.

Proposed by Councillor Montgomery  
Seconded by Councillor Bennington and agreed that

**the report be noted.**

*NO ACTION*

#### **4.6 G/BCEP/003 BUSINESS CONTINUITY UPDATE**

Following the query raised at the June Audit Committee, this report is to provide assurance to Members that a process is in place for regular testing of Business Continuity plans.

Antrim and Newtownabbey Borough Council have had a Business Continuity Policy and Business Continuity Plan (circulated) in place since November 2017. The development of these plans was guided by the Business Continuity Institute Good Practice Guidelines and British Standard ISO 22301 Business Continuity Management Systems Requirements. These provide an overview of the roles and responsibilities relating to Councils Business Continuity Management system, and detail the process of Business Continuity Plan development, implementation and review. These were last reviewed in February 2020 when no changes were required and the Policy and Plan were considered fit for purpose.

Individual service business continuity plans also form part of the business continuity framework and these are in place for all the Strategic Recovery Priorities i.e. the critical activities of Council:

- Waste Collection
- Parks
- Registration
- Environmental Health
- Building Control

Supported by HR, Communications, ICT, Finance, Property Services, Fleet and Information Governance (see circulated). These plans focus on the reinstatement of resources i.e. people, premises, equipment, processes, systems and information. They are reviewed by Heads of Service at least annually to ensure that all information in relation to business functions and contact details are kept up to date (Waste Business Continuity Plan example circulated).

In line with the Policy a process is in place for regular testing of business continuity arrangements and a regime of training and exercising contributes to the annual review process to ensure a fit for purpose Business Continuity Management System. Test exercises are usually cross-cutting affecting a number of services and their respective plans either directly or indirectly. While each service reviews and updates their plan on an annual basis, the subject matter for exercising may not impact every single service. Testing has

included a range of desktop and physical exercises:

- In 2018-2019 service specific tests were undertaken to ensure the robustness of plans and amendments made to working arrangements where necessary. Business Continuity Testing Validation Reports were completed for the Strategic Recovery Priorities (Parks example circulated).
- At the beginning of March 2020 a Recovery test/exercise from large-scale disruption was carried out and as a result a Recovery Impact Assessment was undertaken by all senior management. This was extremely beneficial to the management team in 20/21 when we began to experience the COVID-19 pandemic.
- All key services individual Business Continuity Plans were activated during the ongoing pandemic over the last 18 months and well exercised. The experience of managing all services through the COVID-19 pandemic has been the biggest possible live test of all services at the one time as people, premises, equipment, processes, suppliers, ICT and information were all impacted.
- The training and exercise programme planned for 2021/2022 year is intended to test the various service recovery strategies via a cyber-exercise to mitigate against any threat.

To improve Council's business continuity management, following the initial phases of the COVID response, a review was completed, actions taken to address any future activations and plans were updated to reflect learnings. Also, in response to the unprecedented impacts of COVID-19, Council approved a new Pandemic Plan in January 2021. As part of the review process, a formalised business continuity exercise plan will also be developed to ensure all services are tested on a rolling basis to further enhance business continuity arrangements.

A recent enquiry raised with local government emergency planning colleagues confirmed alignment of approach to Business Continuity testing. Several Councils have advised they have no plans to carry out business continuity testing this year due to on-going pressures on Council services as a result of the new Delta variant of COVID and the continuous exercising of plans since March 2020.

Business Continuity Management is a holistic management process through which an organisation plans to remain operational during a disruption. It is also a method of reducing the likelihood and impact of a disruption occurring through development of recovery plans. Council is committed to undertaking a continuous programme of work to maintain Business Continuity arrangements. Members can be assured that Business Continuity Management is a priority for Council and it is embedded in the culture of the organisation.



Some Members commended Officers on the continuity plans and encouraged the regular and systematic testing of key risk areas.

Proposed by Mrs Nesbitt  
 Seconded by Councillor Montgomery and agreed that

**the report be noted.**

NO ACTION

#### 4.7 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 provided a progress update on the actions raised.

Item	Action	Progress update	Anticipated Completion Date
<b>December 2019</b>			
<b>4.3 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.	<p><b>In Progress</b></p> <p>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. This meeting was postponed and the Terms of Reference is due to be brought to a meeting at a future date. There has been no further direction or development on this matter.</p>	Unknown at present
<b>June 2021</b>			
<b>3.1 Annual Audit Committee Report 2020/21</b>			
(i)	The Audit Committee Annual Report be provided to Full Council.	<p><b>Complete</b></p> <p>The Audit Committee Annual Report was provided to the Council on 28 June 2021.</p>	N/A

Item	Action	Progress update	Anticipated Completion Date
<b>4.7</b>	<b>Financial Statements for the Year Ended 31 March 2021</b>		
(i)	Following questions from Members, the Deputy Chief Executive of Finance and Governance (Interim) agreed to provide information to the Members on the increase in pension liability, and on the cost of the COVID-19 Pandemic to Council to date.	<b>Complete</b> The requested information has been provided to the relevant Members.	N/A
<b>4.8</b>	<b>Corporate Risk Register</b>		
(i)	Following question from a Member, the Deputy Chief Executive of Finance and Governance (Interim) agreed that a report on Business Continuity testing be brought to a future meeting of the Committee.	<b>Complete</b> A report on Business Continuity testing was provided to this Audit Committee at Item 4.6.	N/A
(ii)	Following a further question from a Member, agreed to provide them with further details on the Reduced Community Development Risk.	<b>Complete</b> A meeting was held with the Member on 23 July 2021 where further information on the risk was provided.	N/A

Proposed by Councillor Montgomery  
Seconded by Councillor McAuley and agreed that

**the report be noted.**

*NO ACTION*

#### **4.8 FI/AUD/01 INTERNAL AUDIT UPDATE REPORT**

A report containing a summary of Internal Audit activity since the Audit Committee last met on 22 June 2021 was circulated. The report includes the objectives and conclusions reached for each completed engagement and management comments as applicable.

The report also provides 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).

Proposed by Councillor Bennington  
Seconded by Councillor McAuley and agreed that

**the report be noted.**

*NO ACTION*

#### **4.9 FI/AUD/03 CORPORATE RISK REGISTER**

Members were reminded that a report providing details of the Council's Corporate Risk Register, is presented to the Audit Committee on a quarterly basis.

All Corporate risks have been reviewed and updated in line with the review and reporting timeframe.

In accordance with the reporting protocol, a report setting out the Corporate Risk Register and the changes made to the risks, was circulated for Members review.

Following a question from a Member regarding COVID risks, the Deputy Chief Executive of Finance and Governance clarified that there had been a temporary COVID Risk Register, however these risks are now included in the Corporate Risk Register.

A Member raised a concern on the emerging risk regarding energy supply and the impact this may have on Council services.

Proposed by Councillor Bennington  
Seconded by Councillor Montgomery and agreed that

**the report be noted.**

*NO ACTION*

#### **4.10 FI/AUD/097 NATIONAL FRAUD INITIATIVE 2020**

Members were reminded that the Council has been participating in the latest National Fraud Initiative exercise and has been investigating the matches provided as per the approach reported to the Audit Committee in March 2021.

We have substantially completed our investigations and a progress report outlining the results of our work was circulated for Members information.

No frauds have been identified through the work undertaken during this National Fraud Initiative exercise.

The remaining matches yet to finalise (13 matches) are in relation to Payroll matches with other public sector organisations. The finalisation of these matches is dependent on the information flow to and from these counterparties.

The completion of these matches will be undertaken throughout the remainder of this year and will be finalised prior to the deadline of 31 March 2022. An update report will be provided to the Audit Committee where there is an outcome to any of the investigations.

Proposed by Councillor Montgomery  
 Seconded by Councillor Bennington and agreed that

**the report be noted.**

NO ACTION

#### 4.11 ICT/GEN/020 CYBER SECURITY

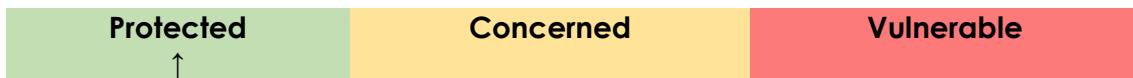
Maintaining the Council's Cyber Security remains a priority for the ICT Department. The Covid-19 pandemic has caused an unprecedented demand on IT resources due to the increased use of technology to deliver Council services.

Since the start of the pandemic in March 2020, the global cyber security threat level has been consistently ranked as **Guarded**. (source: Centre of Internet Security)



**Guarded indicates a general risk of hacking, virus, or other malicious activity.** The potential exists for malicious cyber activities, but no known exploits have been identified.

Council's status has also remained constant with a ranking of **Protected**, indicating that the systems that are in place are effectively managing and monitoring for threats. No Cause for concern.



Council IT continue to maintain a number of critical IT security systems – the statistics below provide an insight around cyber activity in typical quarter. (source: April 2021- June 2021)

<b>Firewall</b>	
Intrusions blocked by Intrusion Protection System	105
<b>Trend Micro Cloud App Security</b>	
Total number of emails scanned	733,523
Ransomware detected and blocked	0
Malware blocked	4
High Risk Malicious Files blocked	366
Web Reputation – Malicious URLs blocked	156
Credential Phishing blocked	53
<b>Trend Micro Apex Security</b>	
Viruses detected and cleaned	15

## **Security Enhancements in the past 12 Months**

During the past 12 months, Council IT have made a number of significant changes to increase our level of cyber security protection.

### **Protective DNS**

Council now makes use of the Protective Domain Name Server (PDNS) service provided by the National Cyber Security Centre (NCSC). PDNS prevents access to domains (websites) known to be malicious. Preventing access to malware, ransomware, phishing attacks at source makes our network more secure.

### **Web Check**

Council have signed up to the Web Check service which is provided by NCSC. This service will periodically scan Council websites to ensure they are secure and no known vulnerabilities are detected.

### **Early Warning Service**

Early Warning Service is another NCSC solution that will continually monitor Council network and provide early warning of potential malicious activity. Council IT will then receive alerts allowing for immediate preventative action to be taken.

By partnering with NCSC in the use of these services, we are benefitting from the massive investment made by the UK Government into Cyber Security.

### **Conditional Access**

Council uses Microsoft Office 365 (O365) for our email services. As part of our relicensing arrangements in January 2021, Council IT made a change to our licensing agreement, to avail of a service called Conditional Access.

Conditional Access allows Council IT to control what countries our email services can be accessed in. By setting access to only UK and Ireland, the possibility of our email system being compromised is significantly reduced. Arrangements can be made for officers and Members to access our email services for a defined period of time in other countries on request.

## **Ongoing Projects**

As Cyber Security threats change it is important that Council IT continue to enhance our levels of protection. During the next number of months, the following projects will be delivered:

### **Multi Factor Authentication**

A project is already underway to roll out Multi Factor Authentication (MFA) to all email accounts across the organisation. This will ensure that any user who requires to access email outside of Council buildings, must provide an additional layer of authentication before access will be granted.

MFA is already in place for anyone accessing the Council network from home via VPN technologies.

### **Cyber Training**

Cyber Security Training will be provided to all Members, Senior Management Team and Staff. The training will be tailored to each group and will aim to increase awareness as well as provide practical ways to ensure online safety.

### **Independent Cyber Review**

The National Cyber Security Centre offer a review service to Local Government bodies to provide an overview of what systems and procedures are working well and what could be done to improved cyber security further. Council are in the process of initiating the review process.

### **Business Continuity Plan Test**

As part of the rolling test of Business Continuity Plans (BCP), A Cyber Security scenario will be tested in 2021/22 to ensure that our BCP plans are robust and fit for purpose. The test scenario must be carefully planned and executed to minimise disruption to service delivery for our residents.

Proposed by Councillor Montgomery  
Seconded by Councillor Bennington and agreed that

**the report be noted.**

*NO ACTION*

## **6 ANY OTHER BUSINESS**

Proposed by Councillor Bennington  
Seconded by Mrs Nesbitt that changing the name of the Audit Committee to the Audit and Risk Committee be brought back to Group Party Leaders.

*ACTION BY: Sandra Cole, Deputy Chief Executive of Finance & Governance*

In response to a query from a Member about the follow up of Audit Committee actions, Officers advised that all actions had been completed.

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

Proposed by Councillor Bennington  
Seconded by Councillor McAuley and agreed that

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

The Chairperson advised that the live stream and audio recording would now cease.

## 5 **ITEMS IN CONFIDENCE**

### 5.1 **IN CONFIDENCE** FI/AUD/04 **NIPSO: INVESTIGATIONS – COUNCIL SERVICES**

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

Proposed by Councillor Bennington  
Seconded by Councillor McAuley and agreed that

**the report be noted.**

*NO ACTION*

### 5.2 **IN CONFIDENCE** FI/AUD/04 **CONCERNS RAISED AND INVESTIGATIONS UPDATE**

A report containing an update on concerns raised and investigations, since the Audit Committee last met in June 2021, was circulated.

Following a question from a Member on HR Policies the Head of Internal Audit agreed to respond directly to the Member.

Proposed by Councillor Montgomery  
Seconded by Councillor Bennington and agreed that

**the report be noted.**

*NO ACTION*

The Chairperson requested that AOB be notified in advance of the meeting in future so that where possible Members' queries could be researched in advance.

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

Proposed by Councillor Bennington  
Seconded by Councillor McAuley and agreed that

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

The Chairperson advised that audio recording would resume.

There being no further committee business the Chairperson thanked everyone for their attendance, and the meeting concluded at 7.26 pm.

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**MAYOR**