



16 March 2022

Committee Chair: Councillor A McAuley
Committee Vice-Chair: Councillor A Bennington
Committee Members: Councillors – B Mallon, M Goodman, R Kinnear and J Montgomery
Independent Member: Mrs G Nesbitt

Dear Member

MEETING OF THE AUDIT AND RISK COMMITTEE

A meeting of the Audit and Risk Committee Committee will be held in the **Council Chamber, Mossley Mill on Tuesday 22 March 2022 at 6.30 pm.**

You are requested to attend.

Yours sincerely

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

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

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3 ITEMS FOR DECISION

3.1 FI/AUD/01 INTERNAL AUDIT STRATEGY AND AUDIT PLAN 2022/23

The Head of Internal Audit is required to provide an annual opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control. The basis of this opinion will be the work completed by the Internal Audit service over the year.

Due to the finite resources available, it is not possible to provide audit coverage of all aspects of the Council's activities within a given year. The Internal Audit Strategy (**enclosed**) sets out the audit coverage over a four year period, based on the assessment of risk, with 2022/23 being the final year of our four year strategy.

The Strategy also provides the Audit and Risk Committee and management with an understanding of Internal Audit's approach to developing the Strategy as well how the Service is delivered and assessed through the Quality Assurance and Improvement Programme.

In preparation of the 2022/23 Internal Audit Plan, the Council's risk registers (Corporate and Service) have been assessed to take into account the change in the Council's risk profile. This ensured that the 2022/23 audit coverage is risk based and provides a sound basis for the provision of a robust annual internal audit opinion at the end of the year.

The Internal Audit Plan for 2022/23 (**enclosed**) has been consulted on and approved by the Corporate Leadership Team.

RECOMMENDATION: that the Committee considers the Internal Audit Plan, makes amendments as appropriate and approves the Internal Audit Plan for 2022/23.

Prepared by: Paul Caulcutt, Head of Internal Audit

Approved by: Sandra Cole, Deputy Chief Executive of Finance and Governance

3.2 FI/AUD/02 REVIEW OF THE EFFECTIVENESS OF THE AUDIT AND RISK COMMITTEE 2021/22

Members are 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 of their performance”.

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

On 17 February 2022, Members of the Audit and Risk Committee participated in a facilitated self-assessment review of the performance of the Committee, where they completed the 'Evaluating the Effectiveness of the Audit Committee' self-assessment checklist.

The results of this review are **enclosed** for Members' agreement.

These results, along with an Annual Report outlining the Audit and Risk Committee's activities during the year, will be reported to the June 2022 Council meeting as part of the year end reporting process.

RECOMMENDATION: that the Committee approves the results of the review of the effectiveness of the Audit and Risk Committee and that these results be reported to the June 2022 Council meeting.

Prepared by: Paul Caulcutt, Head of Internal Audit

Approved by: Sandra Cole, Deputy Chief Executive of Finance and Governance

4 ITEMS FOR INFORMATION

4.1 FI/FIN/SOA/07 NIAO: ANNUAL AUDIT LETTER 2020/21

Members are reminded that in September 2021, the Audit Committee approved the Statement of Accounts for the year ended 31 March 2021.

The Local Government Auditor issued the Annual Audit Letter 2020/21 (**enclosed**) in January 2022 following completion of the audit of the Statement of Accounts by the Northern Ireland Audit Office.

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

RECOMMENDATION: that the report be noted.

Prepared by: Richard Murray, Head of Finance

Approved by: Sandra Cole, Deputy Chief Executive of Finance and Governance

4.2 PT/CI/045 NIAO: PERFORMANCE AUDIT AND ASSESSMENT REPORT 2021/22

Members are 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 a Performance Improvement Audit and Assessment Report 2021-22 (**enclosed**).

An unqualified audit opinion was achieved. The Local Government Auditor states her belief that Antrim and Newtownabbey Borough Council has discharged its performance improvement and reporting duties, including its assessment of performance for 2020-21 and its 2021-22 improvement plan, and has acted in accordance with the Guidance.

Although not formal recommendations, the auditor made two proposals for improvement. An Action Plan (**enclosed**) has been developed, setting out how the Council intends to address the proposals identified in the Report.

In terms of the 'improvement assessment', the Local Government Auditor assesses whether the Council is likely to comply with its performance improvement responsibilities. This year's audit assessment was impacted by delays in completing the previous period's report when legislative changes were required to clarify the performance improvement arrangements.

As such and in light of the impact of the Covid-19 pandemic on Council services, the Local Government Auditor has concluded that she is unable to reach an opinion on whether the Council was likely to have complied with its performance responsibilities for 2021-22.

RECOMMENDATION: that the report be noted.

Prepared by: James Porter, Performance Improvement Officer

Agreed by: Helen Hall, Head of Performance and Transformation

Approved by: Sandra Cole, Deputy Chief Executive of Finance and Governance

**4.3 FI/FIN/SOA/08 NIAO: ANTRIM AND NEWTOWNABBEY BOROUGH COUNCIL:
AUDIT OF 2021/22 STATEMENT OF ACCOUNTS - AUDIT STRATEGY**

The External Audit Strategy for the audit of the 2021/22 Statement of Accounts has now been received (**enclosed**) which provides a clear understanding of how the NIAO plan to carry out the audit of the 2021/22 financial statements and the key risks identified in their planning work.

A representative of the NIAO will be in attendance to answer Members' questions.

RECOMMENDATION: that the report be noted.

Prepared by: Richard Murray, Head of Finance

Approved by: Sandra Cole, Deputy Chief Executive of Finance and Governance

4.4 FI/AUD/02 NIAO: LOCAL GOVERNMENT AUDITOR'S REPORT 2021

After our December 2021 Audit Committee meeting, the Local Government Auditor published her report on the exercise of her functions in the year to 31 March 2021. This includes the audit of the 2019/20 Financial Statements of the 11 Councils as well as the audit and assessment of Councils' performance improvement responsibilities for the 2020/21 year.

A copy of the Local Government Auditor's report is **enclosed** for Members' information.

In her report, the Local Government Auditor has sought to highlight areas of strength and areas for improvement within local Councils.

The Local Government Auditor has also highlighted that while the short-term financial impact of the Covid-19 pandemic on local councils has been offset by additional central government funding, there will be long-term challenges for council services and finances.

The Local Government Auditor has highlighted that councils had to adapt quickly to the challenges of Covid-19, specifically in terms of innovation and collaborative working and support provided to local communities.

The report provides examples of how councils have played a lead role in coordinating partnerships that provided support and help for local communities during the pandemic. The example highlighted for Antrim and Newtownabbey Borough Council is on Page 42.

RECOMMENDATION: that the report be noted.

Prepared by: Paul Caulcutt, Head of Internal Audit

Approved by: Sandra Cole, Deputy Chief Executive of Finance and Governance

4.5 PT/CI/038 RECOVERY PLAN - PERFORMANCE PROGRESS REPORT QUARTER 3

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.

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 will know 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 have 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 3 is **enclosed** for Members' attention.

RECOMMENDATION: that the report be noted.

Prepared by: James Porter, Performance Improvement Officer

Agreed by: Helen Hall, Head of Performance and Transformation

Approved by: Sandra Cole, Deputy Chief Executive of Finance and Governance

4.6 **PT/CI/046 CORPORATE RECOVERY AND IMPROVEMENT PLAN 2022/23 (DRAFT FOR CONSULTATION)**

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, in the context of strategic objectives and issues.

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

In response to the COVID-19 pandemic, the Council approved a Corporate Recovery Plan 2021-23. While we are still operating in a period of uncertainty, the Council is ambitious and an updated Corporate Recovery and Improvement Plan 2022-23 (Draft for consultation) has been drafted (**enclosed**) which will guide and assist the Council in working towards the goals and ambitions we have already committed to and fulfils our statutory performance duty.

The Plan provides an overview of some achievements to date, details our statutory targets and identifies improvement objectives for customer service, leisure, staff attendance and prompt payments. The Plan also details performance targets for all service areas and these will be reported quarterly to Committee/Council, however do not form part of the Councils legislative duty.

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

The Corporate Recovery and Improvement Plan 2022-23 (Draft for consultation) was presented to Council in February 2022, with a twelve-week consultation approved, to encourage feedback from our stakeholders, commencing on 7th March and running to 30th May 2022.

Following the consultation, a summary report of the responses will be presented to the Policy and Governance Committee, and a revised draft of the Plan will be brought to Members' attention in June 2022.

RECOMMENDATION: that the report be noted.

Prepared by: James Porter, Performance Improvement Officer

Agreed by: Helen Hall, Head of Performance and Transformation

Approved by: Sandra Cole, Deputy Chief Executive of Finance and Governance

4.7 FI/AUD/02 UPDATE ON AUDIT AND RISK COMMITTEE ACTIONS

As part of the reporting process to the Audit and Risk Committee, a progress update of actions raised from each Audit and Risk Committee has been provided.

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

Item	Action	Progress update	Anticipated Completion Date
December 2019			
4.3 NIAO: PERFORMANCE IMPROVEMENT AUDIT AND ASSESSMENT REPORT 2019/20			
(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>In Progress</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
December 2021			
3.1 Review of the Effectiveness of the Audit Committee 2021/22			
(i)	That a facilitated self-assessment session on 17 February 2022 be approved.	<p>Complete</p> <p>The self-assessment workshop to facilitate the review of the effectiveness of the Audit and Risk Committee took place on 17 February 2022.</p>	N/A
4.1 NIA: Annual Audit Letter 2020/21			
(i)	Circulate the Annual Audit Letter upon receipt.	<p>Complete</p> <p>The Annual Audit Letter was provided to Members of the Audit Committee on 23/12/21, with a revised version provided on 28/01/22.</p>	N/A

Item	Action	Progress update	Anticipated Completion Date
4.6	Internal Audit Update Report		
(i)	A report be brought back to the Committee on contract management actions for improvement.	In Progress Management are considering the improvement actions and are working with Learning and Development in preparing appropriate contract management (and other) training. A report on these actions will be provided at the next Committee meeting in June 2022.	21 June 2022
(ii)	A report be brought back to the Committee on frequency of refresher training.	Complete A report on Corporate Training has been included in this Committee's agenda.	N/A
(iii)	Elected Members and Audit Committee Members to receive contract management training and procurement training.	In Progress As referenced above, Finance is working with Learning and Development to arrange appropriate contract management and procurement training to include Elected Members and Audit and Risk Committee Members. This will be communicated to Members in due course.	30 June 2022
5.2	Concerns Raised and Investigations Update		
(i)	Head of Internal Audit to seek clarity and respond to the Cllr. Montgomery.	Complete Clarification was provided to Cllr. Montgomery on 13/01/22.	N/A
6.0	Any Other Business		
(i)	Head of Internal Audit to provide clarification to Cllr. Bennington on the naming of Committees.	Complete Clarification was provided to Cllr. Bennington on 01/03/22.	N/A

RECOMMENDATION: that the report be noted.

Prepared by: Paul Caulcutt, Head of Internal Audit

Approved by: Sandra Cole, Deputy Chief Executive of Finance and Governance

4.8 FI/AUD/01 INTERNAL AUDIT UPDATE REPORT

A report containing a summary of Internal Audit activity since the Audit and Risk Committee last met on 14 December 2021 is enclosed. 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).

RECOMMENDATION: that the report be noted.

Prepared by: Paul Caulcutt, Head of Internal Audit

Approved by: Sandra Cole, Deputy Chief Executive of Finance and Governance

4.9 FI/AUD/03 CORPORATE RISK REGISTER

Members are reminded that a report providing details of the Council's Corporate Risk Register, is presented to the Audit and Risk 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, is **enclosed** for Members' review.

RECOMMENDATION: that the report be noted.

Prepared by: Paul Caulcutt, Head of Internal Audit

Approved by: Sandra Cole, Deputy Chief Executive of Finance and Governance

4.10 HR/GEN/019 CORPORATE TRAINING

At the December 2021 Audit Committee, Members requested a report be provided on Corporate training, the frequency of refresher training and the use of online training.

The Council provides two categories of training; Mandatory and Corporate.

Mandatory training is for all staff within the organisation and must be undertaken. This includes Health & Safety, Fraud Awareness, Social Media, Safeguarding, Code of Conduct, Induction, GDPR, and Equality & Diversity.

When a new employee is appointed, all Mandatory training is arranged as part of the Induction process. It is refreshed every 3 years, or sooner in line with changes to our policies and procedures or any legislative requirements.

Corporate training provides employees with development in their current role and also offers skills and competency development for the future. In role job specific training enables employees to increase their skillset and covers training such as NPLQ for Lifeguards, forklift training and other professional and technical training that relates to the job role. Corporate training builds wider capacity of the Councils workforce and is targeted at developing skills such as ICT, communication, presentation, financial, contract/budget management, legislative and developing competency based programmes including Leadership. This includes the LGTG programme.

Prior to the pandemic, training programmes were primarily delivered in person, however we are increasing our capacity to deliver training online where appropriate and to offer additional channels for self-development. Corporate training can be either self-driven, leader-led or by attending training courses, conferences and events.

We have successfully held a number of online training sessions for staff and we are currently developing the Council's eLearning platform for the roll out of more eLearning for staff and Elected Members. We continue to review employee development needs through our Employee Engagement Working Group which is currently considering proposals for a new Employee Induction which will be delivered by a combination of in house and online training.

A further report on Training and Development will be provided to Members through the Policy & Governance Committee.

RECOMMENDATION: that the report be noted.

Prepared by: Jennifer Close, Head of Human Resources

Approved by: Debbie Rogers, Director of Organisation Development

4.11 FI/AUD/04 NIAO: INTERNAL FRAUD RISK GUIDE

The Northern Ireland Audit Office (NIAO) recently published their Internal Fraud Risk Guide (**enclosed**) for Public Sector organisations in Northern Ireland.

Internal fraud (also referred to as staff fraud or insider fraud) is fraud committed against an organisation by someone employed by that organisation. Internal fraud can range from minor thefts of assets or inflated expense claims up to major diversion of funds, accounting frauds or exploitation of payroll or client data.

The guidance sets out what fraud risks and red flags organisations should watch out for and the mitigating controls that can put in place to safeguard against fraud.

Within the guidance is a self-assessment checklist, which will be completed to provide assurance that Council arrangements are robust to mitigate against the risk of fraud, or to formulate actions needed where gaps are identified.

The guidance will also be referred to in the development of fraud refresher training for all staff to be rolled out in 2022/23.

RECOMMENDATION: that the report be noted.

Prepared by: Paul Caulcutt, Head of Internal Audit

Approved by: Sandra Cole, Deputy Chief Executive of Finance and Governance