



**MINUTES OF THE PROCEEDINGS OF THE MEETING OF THE AUDIT COMMITTEE HELD IN
MOSSLEY MILL ON TUESDAY 22 SEPTEMBER AT 6.30 PM**

- In the Chair** : Councillor V McWilliam
- Committee** : Councillors – A Bennington, M Goodman, P Hamill
R Lynch and B Webb
- Independent Member** : G Nesbitt
- Non Committee Members Present** : Councillors – J Montgomery and N Ramsay
- Officers Present** : Director of Finance and Governance – S Cole
Head of Internal Audit – P Caulcutt
Head of Performance & Transformation – H Hall
Head of Governance – L Johnston
Borough Lawyer & Head of Legal Services – P Casey
Financial Controller - A Hamilton
IT Systems Support – J Higginson
ICT Helpdesk Officer – D Mason
Member Services Officer – S Boyd
- In attendance:** A Allen – NIAO
C Hagan – ASM Accountants

CHAIRPERSON'S REMARKS

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

The Chairperson further extended a welcome to Andrew Allen from the NI Audit Office, Christine Hagan from ASM Accountants, and Ann Hamilton, Financial Controller.

1. APOLOGIES

None

2. DECLARATIONS OF INTEREST

None

3 PRESENTATION

3.1 RECOVERY PLAN

A presentation was provided for Members on the Council's recovery plan by the Director of Finance and Governance.

Members commended Officers for the overall approach which had been adopted in relation to the pandemic. The Independent Member wished it to be noted that she particularly commended the Director on the report presented, and Officers on working tirelessly, for actions taken, and passed on her best wishes to all those involved.

Following questions from Members the Director of Finance and Governance provided clarity on arrangements for staff working from home, and advised that a report relating to Council's financial position with revised figures would be brought to Monday's Full Council Meeting. The Director further agreed to bring to Senior Management matters raised relating to Community Wealth Building and other potential methods of encouraging economic development within the Borough.

ACTION BY: Sandra Cole, Director of Finance and Governance

4 ITEMS FOR DECISION

4.1 FI/AUD/01 INTERNAL AUDIT PLAN 2020/21

Members were reminded that in June 2020, as a consequence of COVID-19, the Audit Committee agreed the deferral of the Internal Audit Plan 2020/21, as approved in March 2020, and that a quarterly Internal Audit Plan, reflecting the changing risk environment of the Council would be brought to the Audit Committee for consideration and approval.

For the period to December 2020, it was proposed to undertake the following engagements:

- i. Completion of the Accounts Payable audit, focusing on the process and control changes as a result of working from home arrangements.
- ii. Contract Management - This audit would incorporate the contract management arrangements in place during 2019/20 (closing out the 2019/20 audit plan) and reviewing the contract management arrangements in place during the first half of 2020/21, considering the impact of COVID-19 has had on the delivery of key contracts across the Council.
- iii. Payroll – Reviewing the Payroll process, considering changes to the process and controls within as a consequence of COVID-19. In addition, a review of the Job Retention (Furlough) Scheme would be undertaken to provide assurance on the calculation and claim of payments from HMRC.

- iv. National Fraud Initiative (NFI) – Participation in the NFI 2020 exercise, including Fair Processing Compliance works and the data extraction and upload to the NFI website in line with the NFI timetable.
- v. Continue to provide advice and guidance on internal control matters.

Proposed by Councillor Bennington
Seconded by Councillor Hamill and agreed that

the Internal Audit Plan for the period to December 2020 be agreed.

ACTION BY: Paul Caulcutt, Head of Internal Audit

5 ITEMS FOR INFORMATION

5.1 FI/FIN/SOA/06 NIAO: EXTERNAL AUDIT 2019/20 – ADDITIONAL SIGNIFICANT RISK

Members were reminded that in March 2020, the NIAO set out their External Audit Strategy for the audit of the 2019/20 Statement of Accounts.

Within this Strategy, the NIAO outlined the significant risks of material misstatement of the Financial Statements, which required special audit consideration. The significant risks identified were 'material misstatement owing to fraud arising from management override of controls', and 'fraud in revenue recognition'.

The NIAO had recently issued a letter (circulated) to the Council advising that in light of the COVID-19 pandemic, they had included an additional significant risk, being the 'financial resilience of the Council'.

In response to this risk, the NIAO would consider the Council's assessment of the Going Concern basis for the preparation of the Accounts, including an assessment of the disclosures regarding the Council's financial position, recovery plan and cash flow projections.

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

Proposed by Councillor Webb
Seconded by Councillor Goodman and agreed that

the report be noted.

NO ACTION

5.2 FI/FIN/SOA/06 ANNUAL GOVERNANCE STATEMENT 2019/20 (DRAFT)

Members were reminded that a copy of the draft (unaudited) Statement of Accounts for the year ended 31 March 2020, including the Annual Governance Statement, was presented at the June Audit Committee. A number of minor amendments had been suggested by External Audit and management had agreed to make these.

A copy of the updated draft Annual Governance Statement 2019/20 was circulated, with the most significant amendments highlighted red for Members' information.

Members noted that approval of the Annual Governance Statement would be required on completion of the independent audit of the Financial Statements. Once this was complete, the Audit Committee would need to meet again to approve the Annual Governance Statement. This would require an additional Audit Committee before the next scheduled meeting in December 2020, as the Local Government Auditor plans to certify the accounts between 2 November 2020 and 16 November 2020. A meeting notification would be sent out in due course.

Proposed by Councillor Webb
Seconded by Councillor Goodman and agreed that

the Committee notes the updated draft Annual Governance Statement and the requirement to hold an additional Audit Committee Meeting prior to December 2020.

ACTION BY: Paul Caulcutt, Head of Internal Audit

5.3 FI/FIN/SOA/06 FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (DRAFT)

Members were reminded that a copy of the draft (unaudited) Statement of Accounts for the year ended 31 March 2020, 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 the Financial Statements be formally considered and approved no later than 30 September following the end of the financial year to which the accounts relate. However, an extension to the 30 December 2020 has been granted by the Department for Communities due to the impact of COVID-19, in line with the draft Local Government (Accounts and Audit) (Coronavirus) (Amendment) Regulations (Northern Ireland) 2020.

The Accounts for Antrim and Newtownabbey Borough Council were prepared and submitted to the Department for Communities by 30 June 2020. The independent audit of these Financial Statements was substantially

complete, however the Northern Ireland Audit Office had still to conduct the final review of the revised draft Financial Statements. Once this was complete, the Audit Committee would need to meet again to approve the Accounts. This would require an additional Audit Committee before the next scheduled meeting in December 2020, as the Local Government Auditor plans to certify the accounts between 2 November 2020 and 16 November 2020. A meeting notification will be sent out in due course. The updated draft Statement of Accounts for Antrim and Newtownabbey Borough Council for the year ended 31 March 2020 was circulated.

Proposed by Councillor Webb
Seconded by Councillor Goodman and agreed that

the updated draft Statement of Accounts for the year ended 31 March 2020 be noted and the requirement to hold an additional Audit Committee Meeting prior to December 2020.

NO ACTION

5.4 FI/FIN/SOA/06 NIAO: DRAFT REPORT TO THOSE CHARGED WITH GOVERNANCE 2019/20

Members were advised that the Local Government Auditor had progressed the audit of the Statement of Accounts for the year ended 31 March 2020 and had now issued the draft Report to Those Charged with Governance (circulated, setting out provisional findings.

A copy of the final Report to Those Charged with Governance would be presented at a future Committee meeting.

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

Proposed by Councillor Webb
Seconded by Councillor Goodman and agreed that

the report be noted.

NO ACTION

5.5 PT/CI/031 CORPORATE IMPROVEMENT PLAN PERFORMANCE REPORT 2019/20 (FINAL)

Members were reminded that Part 12 of the Local Government Act (Northern Ireland) 2014 (the Act) Section 84(1) places a general duty on councils to "make arrangements to secure continuous improvement in the exercise of its functions".

Section 92(2)(a)(i) requires a Council to publish an assessment of its performance in discharging its duties under section 84.

The report should include an assessment of the effectiveness of the continuous improvement arrangements, giving details of any issues identified through its monitoring and review, as well as references to any planned / implemented improvements.

In addition, Section 92(2)(b)(i) & (ii) of the Act requires a Council to publish an assessment of its performance as compared with previous financial years; and so far as is reasonably practicable, the performance during that and previous financial years of other Councils.

This shall include a description of the benchmarking activities that a Council has undertaken and where possible the description shall include a comparison with the Council's previous performance (i.e. to help demonstrate trends).

Descriptions of benchmarking may also include a narrative outlining change in practice, process or activity that reflects learning from other organisations.

Members were advised that a final draft of the Corporate Improvement Plan Performance Report 2019-20 had been prepared and was circulated for Members' attention.

The report provided an overview on how we performed against:

- Our eight Corporate Improvement Objectives, as set out in the 2019-20 Corporate Improvement Plan which was approved by Council in June 2019;
- Statutory performance improvement indicators and standards for the functions of Economic Development, Planning and Waste for 2019-20, including comparison with the previous year; and
- Our self-imposed indicators and standards.

Proposed by Councillor Webb

Seconded by Councillor Goodman and agreed that

the Corporate Improvement Plan Performance Report 2019-20 (Final) be noted.

NO ACTION

5.6 PT/CI/029 PERFORMANCE IMPROVEMENT DUTIES 2020/21

Members were advised that correspondence (circulated) for Members' information) had been received from the Department for Communities regarding a decision to set aside the requirement to produce and publish a performance improvement plan for the 2020/21 year. Councils will still be required to publish their performance improvement assessment report covering 2019/20, with a publication date of 30 September 2020.

The Department was further considering the arrangements regarding performance improvement for the next few years and in doing so would be taking the views of Councils and the Local Government Auditor before submitting proposals for consideration by the Minister. Members would be kept informed of progress on this matter.

Proposed by Councillor Webb
 Seconded by Councillor Goodman and agreed that

the report be noted.

NO ACTION

5.7 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 had been provided.

The following table provided 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. However, this meeting was postponed and the Terms of Reference is due to be brought to a meeting at a future date.</p>	Unknown at present
March 2020			
4.2	Review of the Effectiveness of the Audit Committee 2019/20		
(i)	The review of the effectiveness of the Audit Committee results be reported to the June 2020 Audit Committee and Council meeting.	<p>Complete</p> <p>The Review of the Effectiveness of the Audit Committee report was provided to the Audit Committee and Council in June 2020.</p>	N/A

Item	Action	Progress update	Anticipated Completion Date
June 2020			
3.1 Audit Committee Annual Report 2019/20			
(i)	The Audit Committee Annual Report be approved and presented to Council.	Complete The Audit Committee Annual Report was provided to the Council on 29 June 2020.	N/A
3.2 Internal Audit Plan 2020/21			
(i)	Clarity on the role of the Chairperson of the Audit Committee be provided.	Complete Clarification was provided to Cllr. Webb on 27 July 2020.	N/A
4.2 Audit and Assessment Report 2019/20 Improvement Proposals Update			
(i)	Additional information about objective 2, CIP4 relating to Cleanliness of Roads and Streets, be provided.	Complete Additional information was provided to Cllr. Montgomery in July 2020.	N/A
4.9 Review of the Effectiveness of the System of Internal Control			
(i)	An update be brought to the September Audit Committee Meeting on the strategy which Council has in place relating to economic recovery and the immediate and long term risks Council will be facing as a result of Covid-19.	Complete An update will be provided to the September Audit Committee during the presentation.	N/A
(ii)	An update to the presentation given to the March Audit Committee regarding the Covid-19 plan be provided.	Complete An updated presentation will be provided to the September Audit Committee.	N/A
(iii)	Clarity on the process for raising AOB at meetings of the Council be provided.	Complete Clarity on the process for raising AOB is provided as part of this agenda report.	N/A
4.10 Annual Governance Statement 2019/20			
(i)	Clarification on the emergency powers of Council be provided.	Complete Clarification on the emergency powers of Council is provided as part of this agenda report.	N/A

Item	Action	Progress update	Anticipated Completion Date
4.12	Corporate Risk Register		
(i)	An update on actions within the Corporate Risk Register be provided at Septembers Audit Committee Meeting.	Complete An update on the actions within the Corporate Risk Register has been provided with the Corporate Risk Register item on this agenda.	N/A

As referenced above, Members were reminded that at the June 2020 Audit Committee, it was agreed that details would be provided on the following:

4.9(iii) Raising AOB

Standing Order 6(3) states: "except in the case of business required by statute or, where in the opinion of the Chairperson at the meeting the business should be considered by the meeting as a matter of urgency, any other business cannot be considered at the Council meetings or the Planning Committee meetings but may be considered at all other Committee and sub-Committee meetings."

Interpretation of the above is a matter for the Chair so therefore it is up to the Chair to decide on whether to accept AOB or whether they wish to have knowledge of it before a meeting.

Members were therefore permitted to raise AOB at a Committee meeting, but it is the Chair's decision as to whether to accept it. Past Chairs of the Audit Committee have requested that AOB was notified to them in advance of the Audit Committee in order to allow Officers sufficient time to prepare an appropriately detailed response.

4.10(i) Delegation of Emergency Powers

Under the Council's Scheme of Delegation the exercise of the following general functions is delegated to the Chief Executive or Directors:

Emergencies and cases of urgency

Taking such measures, including incurring expenditure, as may be required in emergency situations or cases of urgency, subject to advising the Mayor and reporting to the appropriate Committee as soon as possible.

The legal power in relation to the above stems from section 7 of the Local Government Act (Northern Ireland) 2014. Section 7 states:

Arrangements for discharge of functions of council

7—(1) A council may arrange for the discharge of any of its functions—
 (a) by a committee, a sub-committee or an officer of the council; or
 (b) by any other council.

The above power was already approved by Members in the Constitution so therefore there was no need to bring it back to Members to invoke it.

In relation to the COVID-19 emergency, the Chief Executive informed Group Leaders that she was exercising her delegated powers under the Local Government Act (Northern Ireland) 2014.

Proposed by Councillor Webb
Seconded by Councillor Goodman and agreed that

the report be noted.

NO ACTION

5.8 FI/AUD/01 INTERNAL AUDIT UPDATE REPORT

A report containing a summary of Internal Audit activity since the Audit Committee last met on 23 June was circulated. The report included the objectives and conclusions reached for each completed engagement and management comments as applicable.

The report also provided 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 Webb
Seconded by Councillor Goodman and agreed that

the report be noted.

NO ACTION

5.9 FI/AUD/03 CORPORATE RISK REGISTER

Members were reminded that as a consequence of COVID-19, the Council took the decision to 'suspend' the Corporate Risk Register and create a 'temporary' COVID-19 Corporate Risk Register to record and manage the risks faced by the Council during this period of response and recovery.

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

Members were also reminded that at the June Audit Committee, an update on the actions within the Corporate Risk Register was requested to be provided to this Audit Committee. The update on actions was also included within the Corporate Risk Register report.

Proposed by Councillor Webb
Seconded by Councillor Goodman and agreed that

the report be noted.

NO ACTION

5.10 FI/AUD/97 NATIONAL FRAUD INITIATIVE 2020

Background

The National Fraud Initiative (NFI) is a data matching exercise run by the Audit Commission and is designed to help participating bodies identify possible cases of fraud and detect and correct under or overpayments from the public purse.

NI Position

The Comptroller and Auditor General for Northern Ireland (C&AG), head of the Northern Ireland Audit Office (NIAO), has statutory powers to conduct matching exercises for the purpose of assisting in the prevention and detection of fraud. These powers are contained in the Serious Crime Act 2007, which inserts Articles 4A to 4H to the Audit and Accountability (Northern Ireland) Order 2003.

The Council must participate in this exercise and supply the following information for matching to that of other public sector bodies to identify possible fraud or error:

1. Payroll – total payments made to current employees and members from 1 April 2020 to 30 September 2020; and
2. Trade Creditors payment history and standing data – payment history from 1 October 2017 to 30 September 2020 and the current Creditor information held at the date of date extract (from 9 October 2020).

Where a match is found, it indicates that there is an inconsistency that may require further investigation to establish what has caused the match and any further action that may be deemed necessary. Examples of possible matches are as follows:

- An employee with the Council who has a second employment with another Council or public body;
- An employee who is also a supplier to the Council or has been paid through Creditors;
- Suppliers who are associated with other suppliers, eg, through address.

Results notification and possible action

Data extracted will then be matched with other Public Sector datasets and prioritised into the order of how closely the dataset matches. Matches would be available from Thursday 28 January 2021.

The Council is responsible for investigating these matches. All matches will be considered by the Head of Internal Audit, who will determine further action if appropriate including invocation of the Fraud Response Plan.

Data Transfer

Datasets must be provided to the Audit Commission from 9 October 2020. Total had previously developed reports to extract the information in the format required by the NIAO.

A secure electronic upload facility was available enabling data for NFI to be submitted directly from local computers. This facility is contained within the existing secure NFI web application and consequently provides the same controlled access environment. It features an Advanced Encryption Standard (AES) 256 Secure Sockets Layer encryption and enables data files to be password protected. No other method of data transfer to the NFI is acceptable.

Access to the NFI website would be restricted to those officers deemed necessary by the Chief Executive.

Participating bodies

Organisations participating in this exercise are those that provide data to the Comptroller and Auditor General, or his agents (such as the Audit Commission), for the purposes of a data matching exercise, which may be on either a mandatory or voluntary basis.

Mandatory bodies are those bodies whose accounts are required to be audited by:

1. the Comptroller and Auditor General, except for bodies audited by the Comptroller and Auditor General by virtue of section 55 of the Northern Ireland Act 1998; or
2. a Local Government Auditor.

Since the Council's accounts are audited by a Local Government Auditor the Council must supply the required information.

Other mandatory participants include Central Government, Education Boards, and Health Trusts throughout the United Kingdom.

Further information was available on the Council's website at:

<http://www.antrimandnewtownabbey.gov.uk/Council/Procurement/National-Fraud-Initiative>

or by contacting Paul Caulcutt, Head of Internal Audit on 028 9446 3113 ext. 31395 or at paul.caulcutt@antrimandnewtownabbey.gov.uk.

Proposed by Councillor Webb
Seconded by Councillor Goodman and agreed that

the report be noted.

NO ACTION

5.11 FI/AUD/04 NIAO: COVID-19 FRAUD RISKS

The NIAO had recently issued their COVID-19 Fraud Risk guide citing "It is widely accepted that fraud risks increase in times of change or crisis. The coronavirus pandemic and the resulting emergency measures put in place, for example the payment of business support grants, have significantly increased the opportunities for fraudsters. There is already clear evidence that fraudsters have been quick to seize upon such opportunities, with many stories in the media about organisations and individuals suffering loss as a result".

The guide was designed to raise the awareness of the increasing risk of fraud, highlighting the key risks to organisations and setting out the controls that can mitigate those risks. These key risks had been categorised as follows:

- Governance;
- COVID-19 Funding;
- Procurement;
- IT / Cyber / Data Security;
- Payroll / Recruitment; and
- Staff.

A copy of the guide (circulated for Members' information) was provided to CLT, with Directors and Heads of Service ensuring the key controls as highlighted were in place within the Services.

Proposed by Councillor Webb
Seconded by Councillor Goodman and agreed that

the report be noted.

NO ACTION

5.12 FI/AUD/04 NIAO: RAISING CONCERNS: A GOOD PRACTICE GUIDE FOR THE NORTHERN IRELAND PUBLIC SECTOR

On 25 June 2020, the Northern Ireland Audit Office (NIAO) released their Raising Concerns: A good practice guide for Northern Ireland Public Sector was circulated.

This guide is an update to the NIAO's previous version which was published in November 2014, and which was the basis of the Council's Whistleblowing Policy, developed in 2015 and amended in 2019 to reflect legislation changes.

The new guide reflected key developments in raising concerns over the last five years and was largely “aimed at helping employees and public sector organisations to understand the value of an open and honest reporting culture, where concerns can be raised and dealt with effectively as part of normal business, leading to strengthened governance”.

The main notable difference was the change in terminology: ‘whistleblowing’ has been replaced with ‘raising concerns’ in an attempt to soften the language used and to promote a culture of raising concerns as part of normal business.

The guide also focused on how the general public can raise concerns (even though there is no protection under the public interest disclosure legislation) and how this can play a vital role in identifying wrongdoing, risk or malpractice. This included the introduction of a ‘single point of contact’, who would receive their concerns and ensure that they are dealt with appropriately.

Other changes include how organisations should ‘record, monitor and report’ concerns raised to facilitate the monitoring of trends and themes for organisation learning as well as scrutiny by senior management and the Audit Committee.

We would review the NIAO guidance and consider its implications for the update of the Council's Whistleblowing Policy, bringing an update back to CLT, the Audit Committee and a revised Raising Concerns Policy to the Policy and Governance Committee for approval.

Proposed by Councillor Webb
Seconded by Councillor Goodman and agreed that

the report be noted.

NO ACTION

PROPOSAL TO PROCEED ‘IN CONFIDENCE’

Proposed by Councillor Hamill
Seconded by Councillor Bennington and agreed that

any remaining Committee business be taken in Confidence.

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

6 ITEMS IN CONFIDENCE

6.1 IN CONFIDENCE FI/AUD/04 NIPSO: INVESTIGATIONS – COUNCIL SERVICES

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

Proposed by Councillor Hamill
Seconded by Councillor Bennington and agreed that

the report be noted.

NO ACTION

6.2 IN CONFIDENCE FI/AUD/04 INVESTIGATIONS UPDATE

A report containing an update on investigations, since the Audit Committee last met in June 2020, was circulated.

Proposed by Councillor Goodman
Seconded by Councillor Webb and agreed that

the report be noted.

NO ACTION

PROPOSAL TO PROCEED OUT OF 'IN CONFIDENCE'

Proposed by Councillor Hamill
Seconded by Councillor Bennington 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 7.20pm.

MAYOR