



8 December 2022

Committee Chair: Councillor A Bennington
Committee Vice-Chair: Councillor R Wilson
Committee Members: Councillors – M Goodman, B Mallon, J Montgomery, B Webb.

Dear Member

MEETING OF THE AUDIT AND RISK COMMITTEE

A meeting of the Audit and Risk Committee will be held in the **Round Tower Chamber, Antrim Civic Centre on Tuesday 13 December 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

PLEASE NOTE: a fork buffet will be available in the Cafe from 5.20 pm

For any queries please contact Member Services:
Tel: 028 9034 0048/028 9448 1301
memberservices@antrimandnewtownabbey.gov.uk

**REPORT ON BUSINESS TO BE CONSIDERED AT THE
AUDIT AND RISK COMMITTEE MEETING ON
TUESDAY 13 DECEMBER 2022**

A G E N D A

1. APOLOGIES

2. DECLARATIONS OF INTEREST

3. ITEMS FOR DECISION

3.1 Review of the Effectiveness of the Audit and Risk Committee 2022/23

4. ITEMS FOR INFORMATION

4.1 NIAO: Annual Audit Letter 2021/22

4.2 NIAO: Report to Those Charged with Governance 2021/22

4.3 Report to Those Charged with Governance 2021/22 – Action Plan

4.4 NIAO: Changes to Audit Approach for the 2022/23 Audit Cycle

4.5 Performance Improvement Audit and Assessment Report 2022/23

4.6 Recovery Plan 2022/23 - Performance Progress Report Quarter 2

4.7 Performance Governance Arrangements

4.8 Update on Audit and Risk Committee Actions

4.9 Internal Audit Update Report

4.10 Post Project Evaluations

4.11 Corporate Risk Register

4.12 Time Management System

5. ITEMS IN CONFIDENCE

5.1 NIPSO: Investigations – Council Services

5.2 Concerns Raised and Investigations Update

6. ANY OTHER RELEVANT BUSINESS

3 ITEMS FOR DECISION

3.1 FI/AUD/02 REVIEW OF THE EFFECTIVENESS OF THE AUDIT AND RISK COMMITTEE 2022/23

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 on their performance”.

Members are also reminded that in previous years, Members of the Audit and Risk Committee participated in a facilitated self-assessment review of the performance of the Committee.

This self-assessment included the completion of an 'Evaluating the Effectiveness of the Audit Committee' checklist which enabled the Committee to undertake and report on the assessment of their performance throughout the year. This assessment and the Audit and Risk Committee Annual Report were then reported to the Committee and Council meetings in June.

The Review of the Effectiveness of the Audit and Risk Committee for 2022/23 is now due. To assist the Members in completing this review, we are proposing to facilitate a self-assessment session on Thursday 16 February 2023. Appropriate arrangements will be made with Members in due course.

RECOMMENDATION: that a facilitated self-assessment session on 16 February 2023 be approved.

Prepared by: Paul Caulcutt, Head of Internal Audit

Approved by: Sandra Cole, Director of Finance and Governance

4 ITEMS FOR INFORMATION

4.1 FI/FIN/SOA/08 NIAO: ANNUAL AUDIT LETTER 2021/22

Members are reminded that in September 2022, the Audit and Risk Committee approved the Statement of Accounts for the year ended 31 March 2022.

The Local Government Auditor has now issued the Annual Audit Letter 2021/22 (**enclosed**) 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, Director of Finance and Governance

4.2 FI/FIN/SAO/08 NIAO: REPORT TO THOSE CHARGED WITH GOVERNANCE 2021/22

Members are reminded that in September 2022, the Audit and Risk Committee approved the Statement of Accounts for the year ended 31 March 2022. Members were also provided with a copy of the draft Report to Those Charged with Governance.

The Local Government Auditor has now issued the final Report to Those Charged with Governance (**enclosed**) 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, Director of Finance and Governance

4.3 FI/FIN/SAO/08 REPORT TO THOSE CHARGED WITH GOVERNANCE 2021/22 ACTION PLAN

Members are reminded that in September 2022, the Audit and Risk Committee requested an action plan be provided to the Committee outlining the matters that had been raised in the 2021/22 Report to Those with Governance.

The **enclosed** action plan sets out the NIAO's findings and recommendations as well as the Council's Management Responses and actions to those findings.

RECOMMENDATION: that the report be noted.

Prepared by: Richard Murray, Head of Finance

Approved by: Sandra Cole, Director of Finance and Governance

4.4 FI/FIN/SOA/09 NIAO: CHANGES TO AUDIT APPROACH FOR THE 2022-23 AUDIT CYCLE

The Council has received the **enclosed** letter from the Northern Ireland Audit Office advising that the way in which they will plan and conduct their external audit of the Council's Financial Statements is changing for their 2022-23 audit cycle.

This is due to significant changes to the International Standards of Auditing (UK) (ISAs) with the introduction of ISA 315 (Revised July 2020), *Identifying and Assessing the Risks of Material Misstatement*.

The revised standard impacts on how external audit will undertake audit risk assessments, which will require the undertaking of more detailed and extensive risk assessment procedures to identify risks of material misstatement.

This will likely result in a greater number of enquiries for Council during the planning stage of the audit, as well as the requirement for more time and a richer skill mix to perform the more extensive risk assessment procedures.

It is anticipated that this will result in an increase to the audit fees, which is estimated to be in the region of between 10% and 20%, and the requirement of additional officer time to facilitate the change in procedures.

Also **enclosed** is a briefing for Members' information which outlines the key changes and the potential impact on the Council in terms of information requests from the NIAO engagement team.

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, Director of Finance and Governance

4.5 PT/CI/048 PERFORMANCE IMPROVEMENT AUDIT AND ASSESSMENT REPORT 2022/23

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 has carried out an assessment of the Council's compliance with its performance improvement duties (2022-23) under Section 95 of Local Government (NI) Act 2014.

The Local Government Auditor has certified the Council's performance arrangements with an unqualified audit with no statutory recommendations and one proposal for improvement which represents good practice. A copy of the report, Certificate and Letter are **enclosed** for Members' information.

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

In her Audit Assessment, the LGA has concluded that she is unable to assess whether the Council is likely to comply with Part 12 of the Local Government Act (Northern Ireland) 2014 during 2022-23. The LGA has provided the same Audit Assessment across all Councils in Northern Ireland.

RECOMMENDATION: that the report be noted.

Prepared by: Lesley Millar, Performance and Transformation Manager

Agreed by: Liz Johnston, Deputy Director of Performance and Governance (Interim)

Approved by: Sandra Cole, Director of Finance and Governance

4.6 PT/CI/038 RECOVERY PLAN 2022/23 - PERFORMANCE PROGRESS REPORT QUARTER 2

Members are reminded that Part 12 of the Local Government Act (Northern Ireland) 2014 puts in place a framework to support the continuous improvement of Council services.

The Council's Corporate Recovery and Improvement Plan 2022-23 was approved in June 2022. This set out a range of challenging performance targets, along with four identified improvement objectives and a number of Statutory Performance Targets.

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

RECOMMENDATION: that the report be noted.

Prepared by: Allen Templeton, Performance and Transformation Officer

Agreed by: Liz Johnston, Deputy Director of Performance and Governance (Interim)

Approved by: Sandra Cole, Director of Finance and Governance

4.7 PT/CI/033 PERFORMANCE GOVERNANCE ARRANGEMENTS

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, the Council produced a Corporate Recovery Plan 2021-23 and subsequently developed Performance Governance Arrangements 2021-23 approved by the Audit Committee back in September 2021 to support performance management and improvement.

In 2022, as greater understanding of the impact of the pandemic on the Borough was apparent, the Council continued to strengthen and embed arrangements it had put in place to secure continuous improvement. The Corporate Recovery and Improvement Plan was approved in June 2022.

The Performance and Governance Arrangements have been reviewed and updated to support the Corporate Recovery and Improvement Plan 2022-23.

The revised Performance Governance Arrangements 2022-23 are **enclosed** for Members' information.

RECOMMENDATION: that the report be noted.

Prepared by: Allen Templeton, Performance and Transformation Officer

Agreed by: Liz Johnston, Deputy Director of Performance and Governance (Interim)

Approved by: Sandra Cole, Director of Finance and Governance

4.8 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
September 2022			
4.1	NIAO: REPORT TO THOSE CHARGED WITH GOVERNANCE 2021/22 (DRAFT)		
(i)	An action plan be brought back to Committee outlining the matters raised within the Report to Those Charged with Governance 21/22.	Complete An action plan for the matters raised in the Report to Those Charged with Governance has been included within the Agenda of the December Audit and Risk Committee.	N/A
4.5	INTERNAL AUDIT UPDATE REPORT		
(i)	An update report be brought back to Committee on post project evaluations.	Complete An update report on the implementation of the Post Project Evaluation process has been included within the Agenda of the December Audit and Risk Committee.	N/A
5.4	CONCERNS RAISED AND INVESTIGATIONS UPDATE		
(i)	A further report be brought back to Committee in relation to the Time Management System in operation in Council.	Complete A report on the Council's Time Management System has been included within the Agenda of the December Audit and Risk Committee.	N/A

RECOMMENDATION: that the report be noted.

Prepared by: Paul Caulcutt, Head of Internal Audit

Approved by: Sandra Cole, Director of Finance and Governance

4.9 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 20 September 2022 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, Director of Finance and Governance

4.10 FI/AUD/109 POST PROJECT EVALUATIONS

Members are reminded that in September 2022, the Audit and Risk Committee requested a progress update report on the implementation of the Post Project Evaluation process be brought back to the Committee.

The **enclosed** report has been prepared for Members' information.

RECOMMENDATION: that the report be noted.

Prepared by: John Balmer, Deputy Director of Finance

Approved by: Sandra Cole, Director of Finance and Governance

4.11 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, Director of Finance and Governance

4.12 D/GEN/121 TIME MANAGEMENT SYSTEM

Members are advised that the Council uses time and attendance management software called TMS. This software is supplied and supported by Advance Systems Ireland. TMS was originally introduced in 2007 by legacy Newtownabbey Borough Council and replaced manual clocking cards and absence records. At the time of the merger in 2015, all staff were migrated on to the TMS system.

The primary function of TMS is to record time, with employees 'clocking in' via swipe card/fob, biometric finger print or at their desktop, depending on the available method at their work location.

Generally, employees will 'clock' 4 times per day, to include start time, finish time and a lunch break. If an employee misses a clocking, they are able to enter this retrospectively on the system. This request is then automatically sent to the Line Manager to approve or reject as appropriate.

The system also allocates and manages annual leave and public holiday entitlements and balances for employees. An employee is able to request, amend or delete leave entries as required, all of which are reviewed and approved or rejected by the Line Manager.

In addition to annual leave and public holidays, all other absence types are recorded on the TMS system including medical appointments and flexi leave which again are requested by the employee for approval or rejection by the Line Manager. Sickness absence or other statutory absences eg maternity are added directly by the Line Manager.

Where an employee works overtime, an 'Exceptions report' allocating the extra hours to the appropriate rate and cost code is generated and approved by the Line Manager before being passed to Payroll for payment.

System access and profile information is controlled within the HR Section. An employee is assigned to the following profile:

PROFILE	ACCESS	USER
USER	Clock card Entitlements	All employees
SUPERVISOR	Full access and edit rights for employees reporting to them	Line Managers
HRADMIN	Access & edit rights to the following: <ul style="list-style-type: none"> o Employee details o Clock card o Absence profile o Holiday calculations o Entitlements 	Head of HR HR Manager HR Officers HR Advisors
PAYADMIN	Read only access to the following: <ul style="list-style-type: none"> o Minimum employee details o Clock card o Absence profile o Entitlements 	Payroll Manager Payroll Assistants

MASTER	Complete access to the system <i>(including server access during support calls, maintenance, upgrades, backups etc.)</i>	HR Systems & Data Analyst ICT Section ASI
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Note. All employees have a personal account. Line Managers/HR etc cannot access their personal accounts via their Supervisor/Admin logins.

RECOMMENDATION: that the report be noted.

Prepared by: Victoria Stewart, HR Systems and Data Analyst

Agreed by: Jennifer Close, Head of Human Resources

Approved by: Debbie Rogers, Director of Organisation Development