



**MINUTES OF THE PROCEEDINGS OF THE MEETING OF THE AUDIT COMMITTEE HELD IN ANTRIM CIVIC CENTRE ON WEDNESDAY 21 MARCH AT 6.30 PM**

- In the Chair** : Councillor T Girvan
- Committee** : Councillors – D Hollis, M Magill, M Maguire and B Webb
- Independent Member** : G Nesbitt
- Officers Present** : Chief Executive – J Dixon  
Director of Organisation Development – A McCooke  
Head of Finance – J Balmer  
Head of Internal Audit – P Caulcutt  
Head of Property & Building Services – B Doonan  
Head of Arts & Culture – U Fay  
Head of Performance and Transformation – H Hall  
Head of Governance – L Johnston  
Head of Community Planning – L Moore  
ICT Systems Support – J Higginson  
Governance Support Officer – D Conlan
- In attendance** : K Beattie (NI Audit Office)

**CHAIRPERSON'S REMARKS**

The Chairperson welcomed everyone to the quarterly Audit Committee Meeting and reminded all present of recording requirements. He also welcomed Karen Beattie from the NI Audit Office to the Audit Committee Meeting.

**1. APOLOGIES**

Councillor Rea.

**2. DECLARATIONS OF INTEREST**

None.

### **3. REPORT ON BUSINESS TO BE CONSIDERED**

#### **3.1 PT/CI/013 CORPORATE IMPROVEMENT PLAN 2018/19 (DRAFT FOR CONSULTATION)**

A presentation was provided for Members on the Corporate Improvement Plan 2018/19 (Draft for Consultation) by the Head of Performance and Transformation. Members' questions were answered by the Head of Performance and Transformation.

The Chairperson thanked the Head of Performance and Transformation for her presentation and Members commended staff for achievements to date highlighting the need to continue to set stretching targets.

#### **3.2 FI/AUD/1 INTERNAL AUDIT STRATEGY 2018-2021 AND AUDIT PLAN 2018/19**

The Internal Auditor 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 internal audit resources available, it is not possible to provide audit coverage of all aspects of the Council's activities within a given year. Therefore a risk-based plan of internal audit activity has been prepared to provide appropriate audit coverage over the next three years, focusing on the more significant risks first.

This risk assessment has been set out in the Internal Audit Strategy 2018-21, which also incorporates the Audit Plan 2018/19 (a copy of which was circulated).

Its purpose is to provide the Audit Committee and management with an understanding of Internal Audit's approach to developing the three year Strategy as well as setting out the proposed Audit Plan for 2018/19.

Proposed by G Nesbitt

Seconded by Councillor Magill and agreed that

**the Committee considers the Strategy and Plan, makes amendments as appropriate and approves the Internal Audit Strategy 2018-21 and Audit Plan 2018/19.**

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

#### **3.3 FI/AUD/2 REVIEW OF THE EFFECTIVENESS OF THE AUDIT COMMITTEE**

Members were 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 were also reminded that in May 2017, Members of the Audit Committee participated in a facilitated self-assessment review of the performance of the Audit Committee during 2016/17.

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 Committee Annual Report was then reported to the Audit Committee and Council in June 2017.

The Review of the Effectiveness of the Audit Committee for 2017/18 is now due. To assist the Audit Committee in completing this review, we are proposing to facilitate a self-assessment session for Members in May 2018. A suitable date will be arranged if Members agree to this proposal.

Proposed by Councillor Maguire  
 Seconded by Councillor Magill and agreed that

**a facilitated self-assessment session in May 2018 be approved.**

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

### 3.4 FI/AUD/2 PREVIOUS ACTIONS

As part of the reporting process to the Audit Committee, a progress update of actions raised from each Audit Committee was provided.

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

Item	Action	Progress update	Anticipated Completion Date
<b>December 2017</b>			
<b>3.2 IMPROVEMENT AUDIT AND ASSESSMENT – AUDIT AND ASSESSMENT REPORT 2017/18</b>			
(i)	Performance Improvement be a standing item on future Audit Committee agendas. A report will be made to outline the roles/responsibilities and scrutiny function of each Committee in due course.	<b>Complete</b> Performance Improvement Governance Arrangements report prepared for Audit Committee in March 2018.	N/A
<b>3.6 RISK MANAGEMENT: RISK REPORTING AND COMMUNICATION</b>			
(i)	Officers to review the risk register and include the risk associated with potential reductions in rates income due to revaluations. The wording of this should reflect that whilst the Council can mitigate against this risk it had no control over the revaluations.	<b>Complete</b> New risk, ‘Failure to adequately address implications arising from rate revaluation and rate appeals’ was included within the Corporate Risk Register in January 2018.	N/A

Item	Action	Progress update	Anticipated Completion Date
<b>June 2017</b>			
<b>3.5</b>	<b>INTERNAL AUDIT UPDATE REPORT</b>		
(i)	Internal Audit to consider inclusion of agency contracts in their next contract management audit.	<b>Complete</b> The Agency Staff contract has been included within the audit of Contract Management, which is currently in progress. This audit is due for completion by 31 March 2018.	N/A

Proposed by Councillor Maguire  
Seconded by G Nesbitt and agreed that

**the previous actions update is noted.**

*NO ACTION*

### **3.5 PT/CI/013 PERFORMANCE IMPROVEMENT GOVERNANCE ARRANGEMENTS (2018-19)**

Members were reminded that the Audit Committee in December 2017 made a recommendation that performance improvement should be a standing item on future Audit Committee agendas and that a report outlining the roles and responsibilities and scrutiny function of each Committee be presented.

The Northern Ireland Audit Office stated in its Audit Report (November 2017), that "the Council's Audit Committee has responsibility to ensure that arrangements for good governance are in place and operating effectively".

The Corporate Improvement Plan 2018-19 (Draft for Consultation) was approved by Council in February 2018. This Plan contains:

- Improvement objectives and measures of success.
- Corporate improvement indicators and measures for all Council services.
- Statutory Indicators and measures.

Following a twelve week consultation period and final approval by full Council, it is proposed that quarterly progress reports are submitted to the Audit Committee for scrutiny and challenge and to ensure that an evaluation of risk and an assessment of performance is carried out, prior to a subsequent Council meeting for approval.

In line with the approach agreed by Council in May 2017 for reporting performance information, progress against the Corporate Improvement Plan 2018-19 will be reported using a traffic light system. Where items are

confirmed as 'green' (already achieved or on track to achieve), no further information need be provided.

Where items are assessed as 'amber' (at risk) or 'red' (not achieved), further detailed information and an action plan will be provided to the most appropriate Committee/Council.

### **Overall summary of key roles and responsibilities:**

**Antrim and Newtownabbey Borough Council** will provide overall approval of the Corporate Improvement Plan and has responsibility for overseeing the delivery of the associated objectives, improvement and statutory indicators and measures of success.

**The Audit Committee** has responsibility to ensure that arrangements for good governance are in place and operating effectively and that arrangements are in place to secure continuous improvement in its functions.

It will subject the objectives, improvement and statutory indicators and measures of success, risks and performance to appropriate scrutiny, challenge and evaluation.

**Standing Committees** will monitor and review performance and financial information as appropriate. Detailed information and an action plans will be provided to the most appropriate Committee where items are assessed as 'amber' (at risk) or 'red' (not achieved).

**The Corporate Leadership Team (CLT)** will oversee the development and delivery of the draft Corporate Improvement Plan, quality assure proposals and resolve corporate issues as they arise. This will require it to:

- Agree the draft Corporate Improvement Plan for approval by Committee/Council.
- Agree the individual project plans and monitor the delivery of the overall achievement of the objectives.
- Approve resources (HR & Finance).
- Identify policy issues and agree corporate position.
- Quality assure any proposals on Standards, Cost, Income, and Quality of Service.
- Agree corporate position on issues referred by Improvement Team/s.
- Report on progress and seek policy direction from Committee/Council.

**Project Sponsor (Director):** If a Corporate Improvement Team is established to deliver an improvement objective a Director will act as Project Sponsor. This Sponsor is the individual that the Project Manager and/or team can turn to for support. The Sponsor will have strategic influence throughout the organisation to ensure that the Project Manager gets what he/she needs (e.g. resources – HR, Finance & IT etc.) to ensure ultimate success.

**Project Manager:** The Project Manager role is to scope the specific project in relation to the delivery of the agreed objective, develop and agree a work plan with Project Sponsor, agree the allocation of duties and ensure delivery within time and cost limits. The Project Manager assumes a degree of authority and decision making for matters associated with the actions and outcomes of the project. The Project Manager will review progress monthly with the appropriate Project Sponsor (Director) and quarterly reports to CLT.

**Improvement Team:** Membership of Improvement Teams will be drawn from a range of staff most relevant to the delivery of the projects outlined. This may include staff at both managerial and operational level and it is likely that project teams will include staff from a range of service and support areas. Not all improvement objectives will require the formation of a specific team to ensure the successful delivery of the objective. The formation of Improvement Teams will be agreed by the Corporate Leadership Team.

**Performance and Transformation Team.** It is the responsibility of the Performance and Transformation Team to:

- Support the Project Managers to 'scope' the individual objectives and develop work programmes.
- Support and oversee the work of the Improvement Teams to ensure that each is working to the agreed timescale and milestones.
- Quality assure a sample range of performance data for quarterly reporting purposes.
- Coordinate all quarterly reporting templates, minutes and recommendation reports to the CLT/Committee/Council.
- Prepare reports to CLT and Committee highlighting issues and risks if required.
- Liaise with the Northern Ireland Audit Office in relation the Council's improvement duty.

The draft performance management timetable (2018-19), was circulated for Members' attention. This illustrates the Council's performance processes which combine to ensure that as an organisation we effectively manage performance and that we take all possible steps to secure continuous improvement in the exercise of our functions.

Proposed by Councillor Maguire  
Seconded by Councillor Magill and agreed that

**the report be noted.**

*NO ACTION*

### **3.6 CE/OA/032 IMPROVEMENT AUDIT AND ASSESSMENT: PROGRESS UPDATE**

Members were reminded that Part 12 of the Local Government Act (Northern Ireland) 2014 (the Act) establishes that all Councils are under a general duty to

make arrangements to secure continuous improvement in the exercise of their functions. The Department for Communities previously published 'Guidance for Local Government Performance Improvement 2016' in which Councils and the Local Government Auditor have to follow.

The Local Government Auditor carried out an improvement audit and improvement assessment for 2017-18 and a report was issued in November 2017.

The Local Government Auditor identified a number of proposals for improvement and Officers developed a corresponding action plan to respond to these proposals which was approved by the Audit Committee in December 2017.

A progress update was circulated for Members' attention.

Proposed by Councillor Maguire  
Seconded by G Nesbitt and agreed that

**the report be noted.**

*NO ACTION*

### **3.7 FI/AUD/1 INTERNAL AUDIT UPDATE REPORT**

A report containing a summary of Internal Audit activity since the Audit Committee last met on 12 December 2017 was circulated. The report includes the objectives and conclusions reached for each completed engagement and management comments as applicable.

The Head of Internal Audit answered Members questions and agreed to report back to Councillor Maguire on further queries raised regarding the Audit Plan.

Proposed by Councillor Webb  
Seconded by Councillor Maguire and agreed that

**the report be noted and that the Head of Internal Audit report back to Councillor Maguire on his additional queries.**

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

### **3.8 FI/AUD/3 RISK MANAGEMENT: RISK REPORTING AND COMMUNICATION**

The following parameters are now reported and presented to Committee on a quarterly basis.

- New risks added to the Corporate Risk Register (regardless of level of risk), and any closed risks
- Changes in risk level (regardless of risk level).

- Profile of the existing Corporate Risks (currently 22 risks) and the associated Risk Scores.

The current profile confirms there is one new risk and no closed risks. The new risk specifically addresses rate revaluation and rate appeals.

The budgetary control risk continues to reflect the reduction in income and potential future rate appeals, and remains unaltered.

The ICT residual risk again reflects the need to procure a new telephony system. This should be installed and operational by May 2018.

Further to re-engagement with the Unions, the Industrial Relations risk level has now been reduced.

### Existing Profile of the Council's Corporate Risk Register (As of 15/03/18)

Risk Number	Title	Total Risk Score		Changes
		Inherent	Residual	In risk level
<b>Corporate Risk Register</b>				
CPR000010	Budgetary Control	44	27	None
CPR000044	ICT Infrastructure	36	28	None
CPR000045	Adequate Reserves	36	6	None
CPR000046	Statutory and Regulatory Obligations	24	8	None
CPR000047	Procurement	40	12	None
CPR000014	Risk Management	36	24	None
CPR000015	Health, Safety and Wellbeing	52	21	None
CPR000016	Emergency Planning and Business Continuity	33	16	None
CPR000017	Governance Arrangements	64	24	None
CPR000018	Information Governance	48	24	None
CPR000019	Legal Issues	40	18	None
CPR000020	Skills and Knowledge	44	28	None
CPR000021	Safeguarding	36	18	None
CPR000022	Sickness Absence	44	21	None
CPR000023	Employee Relations	56	27	-9
CPR000024	Employee Engagement	36	27	None
CPR000025	Council Reputation	44	21	None
CPR000026	Customer Satisfaction	36	28	None
CPR000203	Landfill and Waste Framework Directives	48	24	None
CPR000361	Council Policies and Procedures	28	21	None
CPR000246	Crematorium and Burial Provision	30	30	None

Risk Number	Title	Total Risk Score		Changes
		Inherent	Residual	In risk level
CPR000433	Rate revaluation and rate appeals	36	21	None

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

Proposed by Councillor Maguire  
Seconded by G Nesbitt and agreed that

**the Committee note the current Corporate Risk Profile and that Officers review risk scoring attributed to the rate revaluation and rate appeals risk. Future reports to contain explanations for any changes to risk scoring.**

*ACTION BY: Liz Johnston, Head of Governance*

### 3.9 FI/FIN/SOA/03 SUMMARY OF AUDIT ISSUES FOUND IN 2016-17 AUDITS

Correspondence was received (a copy of which was circulated) from the Northern Ireland Audit Office (NIAO) highlighting a number of common issues that emerged from the audits of the 11 Councils and that were highlighted in the Reports to Those Charged with Governance.

To generate awareness of the sort of issues that arose, the NIAO had provided details on some generic matters that may be relevant to Councils as well as providing details of recommendations made to Councils on particular areas.

Proposed by Councillor Maguire  
Seconded by G Nesbitt and agreed that

**the report be noted.**

*NO ACTION*

### 3.10 FI/AUD/4 DESIGNATION OF LOCAL GOVERNMENT AUDITOR

The Council had received correspondence from the Department for Communities (a copy of which was circulated), advising of the change in the designation of the Local Government Auditor.

With effect from 1 January 2018, the Department, in consultation with the Comptroller and Auditor General for Northern Ireland, has designated Pamela McCreedy as Local Government Auditor and assigned her to audit the accounts of every Local Government body.

Proposed by Councillor Maguire  
Seconded by Councillor Magill and agreed that

**the report be noted.**

*NO ACTION*

**3.11 FI/AUD/4 DOA (DoF) 01/18 – ANNUAL THEFT AND FRAUD REPORT 2016/17**

The Council had received the Department of Finance's Annual Theft and Fraud Report 2016/17 (a copy of which was circulated), which included cases of actual, attempted and suspected thefts and frauds reported.

The information had been collated by the Department of Finance (DoF) through an annual exercise completed by the Departments in respect of their own core department, their agencies, Non Departmental Public Bodies (NDPBs) and other sponsored bodies.

Although this report relates to the Northern Ireland Departments and not Local Government, it may be of use in identifying risk areas within the Council.

The purpose of the report is to provide an analysis of the cases reported in order to assist organisations identify key area and to help them detect and prevent such cases through established control mechanisms.

Proposed by Councillor Maguire  
Seconded by Councillor Hollis and agreed that

**the report be noted.**

*NO ACTION*

**PROPOSAL TO PROCEED 'IN CONFIDENCE'**

Proposed by Councillor Webb  
Seconded by Councillor Maguire and agreed that

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

All the Heads of Service, with the exception of the Head of Internal Audit, left the meeting at this point.

Councillor Magill left the Chamber during the next item.

**3.12 IN CONFIDENCE FI/AUD/4 FRAUD, WHISTLEBLOWING AND OTHER INVESTIGATIONS**

A report containing a progress update on fraud, whistleblowing and other investigations, since the Audit Committee last met on 12 December 2017, was circulated. The report includes details of new, completed and ongoing

investigations. Officers responded to a number of queries raised by Members and agreed to make some minor changes to the wording of the report.

Proposed by Councillor Maguire  
Seconded by G Nesbitt and agreed that

**the report be noted and that the Head of Internal Audit make some minor changes to the wording of the report as suggested.**

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

Councillor Magill returned to the Chamber at this point.

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

Proposed by Councillor Maguire  
Seconded by G Nesbitt and agreed that

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

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

There being no further business the meeting ended at 7.53 pm.

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**MAYOR**

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