



9 September 2015

Committee Chair: Councillor T Beatty
Committee Vice-Chair: Councillor N McClelland

Committee Members: Councillors - T Girvan, D Hollis, M Maguire, M Rea
Independent Member: Mrs G Nesbitt

Dear Member

MEETING OF THE AUDIT COMMITTEE

A meeting of the Audit Committee will be held in the Round Tower **Chamber, Antrim Civic Centre on Tuesday 15 September 2015 at 6.30pm.**

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

For any queries please contact Member Services:

Kim Smyth (kim.smyth@antrimandnewtownabbey.gov.uk)

Sharon McAree (sharon.mcaree@antrimandnewtownabbey.gov.uk)

A G E N D A

- 1 Apologies.
- 2 Declarations of Interest.
- 3 Report on Business to be considered:
 - 3.1 Presentation: Risk Management.
 - 3.2 Performance Improvement Audit and Assessments of Antrim and Newtownabbey Borough Council for 2015.
 - 3.3 Internal Audit Update Report.
 - 3.4 Report on Absenteeism.
- 4 Any Other Relevant Business.

**REPORT ON BUSINESS TO BE CONSIDERED AT THE
AUDIT COMMITTEE MEETING ON
TUESDAY 15 SEPTEMBER 2015**

3.1 FG/AUD/1 PRESENTATION - RISK MANAGEMENT

As Members are aware, Internal Audit has been working with Heads of Service to facilitate the development of the new Corporate and Service risk registers.

A presentation has been prepared to provide Members with a progress update on the development of the new risk registers.

A copy of the Corporate Risk Register is also **enclosed**.

Prepared by: Paul Caulcutt, Internal Auditor

Agreed by: Catherine McFarland, Director of Finance & Governance

3.2 FG/AUD/1 PERFORMANCE IMPROVEMENT AUDIT AND ASSESSMENTS OF ANTRIM AND NEWTOWNABBEY BOROUGH COUNCIL FOR 2015

The Council has received correspondence (a copy of which is enclosed) from the Northern Ireland Audit Office (NIAO) which sets out the basis on which the Local Government Auditor (LGA) will conduct her programme of Performance Improvement audit and assessment work for 2015 as required in the statutory 'Guidance for Local Government Performance Improvement 2015' issued by the Department of the Environment.

This will involve a limited performance improvement assessment in order to ascertain whether the Council has met its statutory performance improvement responsibilities for the year.

The programme of work will be conducted with the objective of the LGA expressing her opinion, in a 'Letter of Assurance', on whether the Council has made arrangements to secure continuous improvement in the exercise of its functions in the first introductory year.

RECOMMENDATION: that the Committee notes the NIAO's correspondence in relation to the Performance Improvement Audit and Assessment of the Council for 2015.

Prepared by: Paul Caulcutt, Internal Auditor

Agreed by: Catherine McFarland, Director of Finance & Governance

3.3 FG/AUD/1 INTERNAL AUDIT UPDATE REPORT

Report containing a summary of Internal Audit activity, including details of fraud / whistleblowing investigations, for Antrim and Newtownabbey Borough Council, for the period June 2015 to September 2015 is **enclosed**.

The report includes the objectives and conclusions reached for each completed assignment and management comments as applicable.

RECOMMENDATION: that the Committee notes the Internal Audit Update Report.

Prepared by: Paul Caulcutt, Internal Auditor

Agreed by: Catherine McFarland, Director of Finance & Governance

3.4 ST/G/215 REPORT ON ABSENTEEISM

BACKGROUND

Members are advised the table below outlines the sickness absence for Antrim and Newtownabbey Borough Council. The purpose of this report is to provide an update on absence for the period from 1 April 2015 to 30 June 2015. For comparison purposes the same period for 2013-2014 and 2014-2015 has been included.

ABSENCE UPDATE

There has been an increase in short term absence by 116.05 days and a decrease in long term absence of 122.10 days and both will continue to be managed. The reduction in long term absence remains a priority and this will be reflected in our Occupational Health specification and contract.

	2013/2014	2014/2015	2015/16	
Month	1 April to 30 June 2013	1 April to 30 June 2014	1 April to 30 June 2015	Variance from period last year.
No. FTE	693.94	694.22	712.92	+18.7
No. of days lost to sickness	1859.53	1581.80	1575.75	-6.05
Days lost to Long Term Absence	1347.53	1144.22	1022.12	-122.10
Day lost to Short Term Absence	512.00	437.58	553.63	+116.05
Average Days Lost per Employee	2.68	2.28	2.21	-0.07

The increase in employee numbers is attributed to 35 transferred staff from Planning and Group Environmental Health. This increase has been offset by employees leaving the organisation through the voluntary severance scheme.

The top three reasons for absence are noted below with current action being taken to address the reasons.

Reason	Action
Other Category Examples of the absence includes: Cancer Related Illness, Surgery and Post Op Debility etc	<ul style="list-style-type: none"> • Well being Action plans for individual cases. • Phased returns variety of reduced hours, alternative work and/or adjusted duties. • Use of leisure facilities to help with returns from surgery in suitable cases. Eg Pool
Musculo-Skeletal problems	<ul style="list-style-type: none"> • Manual Handling Training • Referrals to Nurse Led Clinic and/or OH doctor, • Regular Welfare Review Meetings to agreed action plans,

Reason	Action
	<ul style="list-style-type: none"> • Access to Physiotherapy subject to OH recommendation. • Wellbeing action plans. • Phased returns variety of reduced hours, alternative work and/or adjusted duties. • Work station/ergonomical assessments • Taster sessions of pilates <p>Investigation of workplace accidents and implementation of any appropriate recommendations</p>
<p>Stress, depressions, mental health and Fatigue</p>	<ul style="list-style-type: none"> • Staffcare, confidential counselling to all staff. • Cognitive behavioural Therapy (CBT) sessions for staff in appropriate cases. • Delivery of training on Emotional Resilience, Sessions to all Staff • Immediate letter sent to advise of Staffcare, • Immediate Meeting with employee and line manager alternative person if issue is with the Line Manager in WRS cases. • Referrals to Nurse Led Clinic and/or OH doctor • Regular Welfare Review Meetings to agreed action plans, Use of the Leisure Facilities, • Referral to Occupational Health • Piloting of the Wellness Recovery Action Plan, this plan helps staff recognise stress earlier and the interventions that can be put in place to help • Organised health fairs • Talks arranged from Cruse Bereavement Services • Harassment advisors available in all departments and various locations • The joint Health and Wellbeing initiative, the £ for lb Challenge, was launched in January 2015 for twelve weeks. 37 Newtownabbey employees and 17 Antrim Employees participating in this initiative to lose weight and raise money for charity. At the half way point our staff had lost 184.9 lbs (12.49 stones).

RECOMMENDATION: that

- (a) The report be noted;**
- (b) An absence update be submitted to the Policy and Governance Committee.**

Andrea McCooke
 Director of Organisation Development



Neil Gray
Director

Northern Ireland Audit Office

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Antrim and Newtownabbey District Council
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BT36 5QA

9 July 2015

PERFORMANCE IMPROVEMENT AUDIT AND ASSESSMENTS OF ANTRIM AND NEWTOWNABBEY DISTRICT COUNCIL FOR 2015

1. INTRODUCTION

- 1.1 The purpose of this letter is to set out the basis on which the Local Government Auditor (LGA) will conduct her programme of Performance Improvement audit and assessment work for 2015, as required in the statutory '*Guidance for Local Government Performance Improvement 2015*', (the Guidance) issued by the Department of the Environment (the Department). This will involve a limited performance *Improvement Assessment* in order to ascertain whether Antrim and Newtownabbey District Council has met its statutory performance improvement responsibilities for the year, in line with the Guidance. It also sets out the respective responsibilities of the LGA (and her staff) and yourself, as Accounting Officer.
- 1.2 This programme of work will be conducted with the objective of the LGA expressing her opinion on whether the Council has made arrangements to secure continuous improvement in the exercise of its functions in the first introductory year. For this year the Department has directed the LGA to issue a 'Letter of Assurance' (to each council and the Department).

2. SCOPE OF THE PROGRAMME

- 2.1 The programme of work will be conducted in accordance with the Guidance for Local Government Performance Improvement 2015, which sets out how Part 12 of the Local Government Act (Northern Ireland) 2014 (the Act) is to be applied in its first year of implementation. In future years the programme of work will be amended to reflect changes in the Guidance as it becomes aligned to the full statutory requirements of Part 12 of the Act.
- 2.2 The LGA will perform the duties listed at paragraph 3.2.
- 2.3 The LGA may decide to include a summary overview of the performance improvement work carried out during the year in her Annual Report. This report is published in the year after the work is performed.

2.4 The LGA will have no further direct responsibility in relation to the performance improvement framework in 2015.

3. RESPONSIBILITIES OF AUDITORS

3.1 The LGA is responsible for reporting to the Council and the Department whether, in her opinion, it has made arrangements to secure continuous improvement in the exercise of its functions in the introductory year of roll out, as required by the Department's statutory Guidance (as outlined in paragraph 49 of the Guidance).

3.2 In arriving at this opinion, she will perform the following duties:

- ascertain whether the Council had published its performance improvement objective(s) within its Corporate Plan by 31 July 2015;
- ascertain whether each of the Council's performance improvement objectives meets at least one of the seven relevant criteria listed in paragraph 12 of the Guidance;
- ascertain whether a consultation process has been conducted by the Council in accordance with paragraphs 29-32 of the Guidance
- ascertain whether the Council had a satisfactory timetable and plan in place, to develop and progress the specified performance improvement objective(s) in accordance with paragraph 47 of the Guidance, by 30 September 2015; and
- issue a letter of assurance (to the Council and the Department) confirming whether the above activities have taken place by 31 October 2015.

3.3 There are no other performance improvement matters that the LGA has a responsibility to report on in her letter for the introductory year.

3.4 In order to maintain her independence the LGA is unable to provide guidance or advice to **Antrim and Newtownabbey District Council** on the application of Part 12 of the Act or the Guidance.

4. THE PERFORMANCE IMPROVEMENT AUDIT PROCESS

4.1 The audit will be conducted in accordance with the Guidance (in so far as it applies to the introductory year) and with any relevant elements of LGA's current Code of Audit Practice i.e. those parts that do not specifically relate to the audit of financial statements.

4.2 The LGA will obtain a high level understanding of the **Antrim and Newtownabbey District Council** current performance improvement systems and any other evidence that is relevant to enabling the LGA to reach an opinion on the matters outlined above. They shall expect to obtain such appropriate evidence as they consider sufficient to enable the LGA to draw reasonable conclusions.

4.3 The nature and extent of our procedures will vary according to an assessment of the supporting documentation provided by the Council.

4.4 We will request access to all documents which are due to be issued in accordance with the timetable for 2015-16 contained in the Guidance. We shall review any submitted supporting information for consistency and we will bring such inconsistencies to your attention so that they may be resolved prior to issuing the letter.

4.5 Management representations

- 4.5.1 As part of our audit process, we may request from management written representations on matters relevant to the audit where other sufficient appropriate evidence cannot reasonably be expected to exist, and where management may have made certain oral representations

4.6 Communications

- 4.6.1 It is expected in this first year of the programme that most of the work can be performed remotely. We will request information at the relevant times to be sent by email and this may be supplemented with telephone and/or face to face meetings with relevant officers.
- 4.6.2 At the end of the fieldwork and prior to issuing the letter of assurance, we will report to you on any relevant shortcomings or issues identified.

5. COUNCIL RESPONSIBILITIES

- 5.1 As Chief Executive of Antrim and Newtownabbey District Council you are responsible for ensuring that the performance improvement duties under the Act and the Department's statutory Guidance are complied with.
- 5.2 You are responsible for making available, as and when required, all relevant documents and any related information. We are entitled to require from your officers such other information and explanations as we consider necessary for the performance of the LGA's duties.

6. FEES

- 6.1 There will be no fee payable for this initial performance improvement audit. From 2016 Fees will be calculated on the basis of the time spent on Antrim and Newtownabbey District Council affairs, and on the levels of skill and responsibility involved. At the beginning of each year's audit we will estimate the cost of the work and inform the Council.

7. OTHER SERVICES

- 7.1 Under the Act, the LGA may carry out Special Inspections in relation to the Performance Improvement framework. Whilst the likelihood of Special Inspection in this introductory year is likely to be low (due to the high level nature of the work programme for the year) if a Special Inspection is required it will be subject to separate terms of reference, issued in advance of work commencing.
- 7.2 Where a Special Investigation is required it may not be possible to estimate the cost of work to be undertaken in advance.

8. OTHER MATTERS

8.1 Use of Report & Confidentiality

- 8.1.1 The letter of assurance is treated as a Report and with the exception of the Department, (and unless otherwise determined by the Department with the LGAs consent), must not be provided to third parties without the LGA's prior written consent. Such consent will be granted only on the basis that the letter is not prepared with the interests of anyone other than Antrim and Newtownabbey District Council in mind and that neither the LGA, nor the NIAO accept any duty or responsibility to any other party as concerns the letter.

8.1.2 Should you wish to discuss any aspects of our work programme, please do not hesitate to contact me.

8.1.3 I should be grateful if you could:

- confirm acknowledgement of this letter and its content;
- provide me with contact details of the officer to which you have delegated responsibility for this audit; and
- bring this letter to the attention of the Council's Audit Committee.

Yours sincerely



Neil Gray
Director
For and on behalf of the Local Government Auditor



Internal Audit Service

Internal Audit Update Report

For presentation to
15 September 2015
Audit Committee

Date: 8 September 2015

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DISTRIBUTION LIST

<p>This report is being distributed to: Audit Committee</p>

1 Introduction

The purpose of this document is to summarise Internal Audit progress since the Audit Committee last met on 29 June 2015.

The report sets out:

- Changes to the 2015/2016 Internal Audit Plan ([Section 2](#));
- Status of 2015/2016 Internal Audit Plan ([Section 3](#) and [Appendix 1](#));
- Details of reports recently finalised ([Section 4](#) and [Appendices 2](#) and [3](#));
- Follow up of Internal Audit agreed actions ([Section 5](#) and [Appendix 4](#));
- Details of fraud investigations ([Section 6](#)); and
- Details of other work ([Section 7](#)).

2 Changes to the 2015/16 Internal Audit Plan

There have been no changes to the Internal Audit Plan since its approval on 14 April 2015.

3 Status of the 2015/16 Internal Audit Plan

Audit engagements

Out of the 18 audits to be completed in the 2015/2016 financial year, the status of those audits is as follows:

Stage	Audit Status	Number of audits as at	
		8 Sept 2015	18 Jun 2015
● Not yet started	Not yet started	12	18
	Planning underway	1	-
	● Planning	Terms of reference issued	-
	Terms of reference agreed	-	-
● Execution	Fieldwork in progress	-	-
	Fieldwork complete	2	-
	Draft report	1	-
● Completion	Complete / Final report issued	2	-
Total		18	18

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A more detailed breakdown of all of the assignments is detailed at [Appendix 1](#).

Other audit activity

In addition to the 18 audit engagements, the audit plan set out a number of other areas for audit scrutiny. Work has been undertaken on the following:

- Follow up reviews – please refer to [Section 5](#) and [Appendix 4](#);
- National Fraud Initiative – ongoing – please refer to [Section 7](#); and
- Risk Management facilitation – ongoing – please refer to [Section 7](#).

4 Reports recently finalised

The following table summarises reports that have been finalised since the date of our last update (as at 18 June 2015).

Report ref	Review Area	Date of Issue	Assurance Rating	Number of agreed actions			Total
				By priority			
				1	2	3	
FI/AUD/07	Payroll	04/09/15	Substantial	-	-	3	3
FI/AUD/08	Treasury Management	04/09/15	Substantial	-	1	3	4

The key to the assurance ratings and the priority levels (for agreed actions) is set out at [Appendix 6](#).

The Executive Summary from these reports is provided overleaf with more detailed information (detailed scope, conclusions and Priority 1 and 2 issues / agreed actions (where applicable)) provided as follows:

- Payroll – [Appendix 2](#)
- Treasury Management – [Appendix 3](#).

4.1 Payroll

On the basis of the work that we conducted, our *overall* assurance rating for this review, together with the number and priority of issues that were raised is as follows:

Overall assurance		Number and priority of issues		
		1	2	3
Substantial	There is a robust system of governance, risk management and control which should ensure that objectives are fully achieved.	-	-	3

Overall, Internal Audit has noted a number of good working practices within the payroll process, however, a number of areas for improvement have been identified.

Through discussion with members of Payroll, we noted that there are currently different processes in place for Antrim and Newtownabbey in relation to the payroll function, as the two have not yet fully merged on the forming of the new Council. Going forward it is understood that a combined set of policies and procedures will be developed and followed for all employees.

A number of priority 3 issues have been identified, particularly in relation to the performance of secondary checks and review of the various system reports by senior finance management.

While these are important issues, this audit identified no issues over accuracy of the input for the sample items selected and as such the overall assurance opinion for this audit is 'substantial'.

Please refer to [Appendix 2](#) for further detail regarding the scope and summary conclusions.

4.2 Treasury Management

On the basis of the work that we conducted, our overall assurance rating for this review, together with the number and priority of issues that were raised is as follows:

Overall assurance		Number and priority of issues		
Substantial	There is a robust system of governance, risk management and control which should ensure that objectives are fully achieved.	1	2	3
		-	1	3

Monthly investment account reconciliations are not agreed back to third party confirmations but rather a reconciliation between a Short Term Investment Spreadsheet (as maintained by the Council for the purpose of monitoring breaches of the investment limits), and the general ledger is performed.

In 3 of 4 reconciliations sampled, there was no evidence of reconciliation being performed to bank statements, but rather a reconciliation between the general ledger and the Spreadsheet took place. For 1 of 4 reconciliations sampled, the balance per bank statement we reviewed differed to the balance per the Spreadsheet, as reconciled to the general ledger. (The [small] difference related to re-invested investment income that had not yet been accounted for).

It is recognised that the general ledger is populated directly from investment and return of investment notifications/confirmations, however, this is not sufficient to mitigate the risk of input errors or mis-postings to the general ledger going unnoticed.

A number of priority 3 issues have also been identified, particularly in relation to the design and maintenance of the Short Term Investment Spreadsheet.

While these are important issues, the overall assurance opinion for this audit is 'Substantial', reflecting a strong control environment.

Please refer to [Appendix 3](#) for further detail regarding the scope and summary conclusions, together with details regarding the Priority 2 issue / agreed action.

5 Follow up of Internal Audit agreed actions

Internal Audit has followed up on the implementation status of 44 agreed actions. The summary results from this follow up work is as follows:

Overall Status (Self certified)	Number of actions plans (by Priority)				%
	1	2	3	Total	
● Fully Implemented	-	11	4	15	47
● Partially Implemented	-	5	-	5	16
● Not Implemented	-	8	4	12	37
Sub-total	-	24	8	32	100
Not yet due	1	5	4	10	
No longer relevant	-	2	-	2	
Total	1	31	12	44	

Please note that the implementation status is as self-certified by management. Internal Audit has not yet validated the implementation status for those actions that are considered by management to be fully implemented. All Priority 1 and Priority 2 actions plans that have been self-certified by management as being fully implemented will be validated by Internal Audit during the 2015/16 financial year to ensure that they have been implemented as intended.

A summary of the aging of those actions that are classified as either partially or not implemented is given as follows.

	Months overdue				Total
	0 – 3	3 – 6	6 – 9	9+	
Priority 2					
● Not implemented	2	5	1	-	8
● Partially implemented	-	1	2	2	5
	2	6	3	2	13
Priority 3					
● Not implemented	4	-	-	-	4
● Partially implemented	-	-	-	-	-
	4	-	-	-	-

Further detail regarding all actions that are either partially or not implemented is provided at [Appendix 4](#).

6 Fraud investigations

There have been five investigations that have been in progress since our last update paper.

- (1) As was reported to the June 2015 Audit Committees, there was an alleged attempted fraud on the organisation in the area of building control. There has been no loss to the Council as a result of this alleged attempted fraud; however the matter has been referred to the Police Service of Northern Ireland (PSNI). A response from PSNI is awaited. No further action is required at this stage by the Council.
- (2) As was reported to the June 2015 Audit Committee, PSNI had contacted the Council in respect of a potential fraud case that it is investigating for which the Council may or may not hold relevant details. At this stage it remains not appropriate to comment further on the details of the case. The Committee will be updated in due course.
- (3) On receipt of a 'fit note' from a member of staff returning to work, Payroll and Human Resources raised concerns that the 'fit note' had been altered to change the return to work date and to include that on return, the employee would benefit from amended duties. An investigation is currently underway and the Committee will be updated in due course.
- (4) The Council received a whistleblowing allegation from an external party in relation to one of the voluntary sector organisations to whom the Council provides grant funding. The allegation relates to inappropriate accounting treatment in respect of certain items of expenditure as included within the grant claim form. An investigation is currently underway and the Committee will be updated in due course.
- (5) The Council received a whistleblowing allegation from an unnamed source with respect to the falsification of time and expense records. An investigation was completed. No evidence was identified to support the allegation.

7 Other work

7.1 National Fraud Initiative (NFI)

As was reported to the last Audit Committee, the Comptroller and Auditor General for Northern Ireland (C&AG), head of the Northern Ireland Audit Office (NIAO), has statutory powers to conduct data matching exercises for the purpose of assisting in the prevention and detection of fraud. Data matching involves comparing sets of data, such as payroll or benefit records of a body, against other records held by the

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same or another body to see how far they match. This allows potentially fraudulent claims and payments to be identified.

NFI is undertaken every 2 years and is administered / facilitated by the Cabinet Office.

The matches for NFI 2014 were provided to the two legacy Councils (Antrim Borough Council and Newtownabbey Borough Council) in January 2015.

Organisations involved within NFI are not expected to investigate every match. Instead they are required to complete an initial review of all the matches and decide those matches which warrant further investigation based on local priorities and risk.

Internal Audit has assessed the population of matches and identified the sample for which detailed testing will be undertaken. Detailed testing is currently underway, to be completed by the end of September 2015.

Further detail regarding the approach being adopted is provided at [Appendix 5](#).

The results from this exercise will be reported to the next Audit Committee.

7.2 Risk Management facilitation

Internal Audit continues to work with the Director of Finance and Governance to pilot a new approach to risk management. This is currently being piloted within the Corporate Health and Safety Team and the Internal Audit team as part of Phase 1 of this project. The intention is that as part of Phase 2, the pilot will incorporate other areas within Finance and Governance. Upon roll out of Phase 2, an evaluation will be made of the new process before consideration is given to roll out of the new approach to the rest of the organisation.

Internal Audit has also been involved in providing risk management training to the newly appointed Heads of Service and has helped to facilitate the development of the new Service risk registers and the Corporate risk register.

7.3 Anti-fraud, corruption and bribery training

As part of the "Learning Weeks" made available to staff in June 2015, Internal Audit delivered a suite of training to officers throughout the Council covering anti-fraud, corruption and bribery. Over the course of 8 sessions, Internal Audit delivered training to approximately 240 employees. A further suite of sessions is planned for September 2015 where approximately 130 further employees will receive training.

8 Quality Assurance and Improvement Programme

In line with the Public Sector Internal Audit Standards (PSIAS), Internal Audit is committed to a Quality Assurance and Improvement Programme (QAIP) to ensure

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that the service provided is continuously improving. To assess the service provided, Internal Audit has developed a series of Key Performance Indicators (KPIs), against which its performance can be measured, as set out in the function's Internal Audit Strategy 2015-18 and Operational Plan 2015-16.

Details of the 2015/16 KPIs to date are as follows:

Key Performance Indicator (KPI)	Target	Outturn to Date
Percentage of Terms of Reference agreed at least one week prior to the audit commencement	75%	80%
Percentage of audit recommendations agreed by management	100%	100%
Percentage of draft audit reports issued within two weeks of fieldwork completion	100%	100%
Percentage of final reports issued within one week of receipt of management responses	100%	100%

Appendix 1 – Status of Internal Audit Operational Plan 2015/16

Plan ref.	Auditable Area	Audit Status	Comments
A	Cross-cutting		
A.1.1	Contract management	● Not yet started	
A.1.2	Procurement and purchasing	● Fieldwork complete	Focus is on the Sales Growth 2 Programme
A.1.8	Grants	● Not yet started	
A.2.4	Complaints handling	● Fieldwork complete	
A.2.6	Information governance and records management	● Not yet started	
A.2.9	Change programme	● Not yet started	

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Plan ref.	Auditable Area	Audit Status	Comments
B	Organisation Administration		
B.6	Cemeteries administration	● Not yet started	
C	Finance and Governance		
C.1.3	Risk management	● Not yet started	
C.1.9	Health and safety	● Not yet started	
C.2.2	Accounts receivable	● Not yet started	
C.2.4	Treasury management	● Final report issued	Issued 04/09/15
C.2.6	Payroll	● Final report issued	Issued 04/09/15
D	Operations		
D.5	Domestic waste	● Not yet started	
D.7	Waste disposal and recycling	● Not yet started	
D.11	Licencing	● Draft report	Issued 01/09/15
D.15	Car parks	● Not yet started	

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Plan ref.	Auditable Area	Audit Status	Comments
E	Community planning and regeneration		
E.3	Planning services	●	Planning underway
E.6	Building control	■	Not yet started

Appendix 2 – Payroll

Background

Newtownabbey

Payroll is processed through the Total Mobile system, with two payment runs operating (four weekly and monthly).

Payroll are informed of new starters through an automatic feed from PAMS (Human Resources (HR) system) into Total Mobile. This provides Payroll with basic information they need, for example name, address and grade details. The grade provided by HR links to salary information for that grade, stored within Total Mobile. Additional non-HR information must then be manually added by Payroll.

Processing of leavers is a manual process, with Payroll calculating the final pay amount based on information provided by HR on a contract amendment form. All other contractual amendments (for example a change in hours) will also be submitted to payroll by HR on a contract amendment form. These and other amendments are manually updated on Total Mobile.

Antrim

Payroll is processed through the Total Mobile system, with one payment run operating per month.

HR inform Payroll of new starters. At present there is an issue with the automated feed from PAMS (Human Resources system) into Total Mobile, therefore all input to Total Mobile is performed manually by Payroll.

Processing of leavers is a manual process, with Payroll calculating the final pay amount based on information provided by HR on a contract amendment form. All other contractual amendments (for example a change in hours) will also be submitted to Payroll by HR on a contract amendment form. These and other amendments are manually updated on Total Mobile.

Scope and summary conclusions

The scope (areas covered), objectives and summary conclusions arising from this audit are as follows:

Area	Objective	Conclusion	Action plans			
			Priority			Total
			1	2	3	
New starts	New starts are legitimate. New start details are accurately entered into Total Mobile.	Supporting documentation is held to evidence that new starts are legitimate. However, there was no evidence of the Master Audit Listing report being secondary reviewed for the month of July 2015. The purpose of this review is to sample check the information recorded to supporting documentation (being the Salaries and Wages Maintenance Sheets and the New Start Commencement Slips). Further, a second Payroll officer does not review and check the information for accuracy prior to system input.	-	-	2	2
Leavers	All leavers are promptly removed from the payroll system.	All leavers are promptly removed from the payroll system. However, it was noted that there were some inconsistencies with the documentation whereby the HR notification was not checked by a second HR officer in one instance (in a sample of five).	-	-	-	-
Statutory deductions	Statutory deductions are accurately calculated.	Statutory deductions from an employee's salary are accurately calculated.	-	-	-	-

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Area	Objective	Conclusion	Action plans			
			Priority			Total
			1	2	3	
Amendments to standing data	Amendments are accurate and appropriately authorised.	are and Supporting documentation is held to evidence that amendments are accurate and appropriately authorised. However, there was no evidence of the Master Audit Listing report being secondary reviewed for the month of July 2015. The purpose of this review is to sample check the information recorded to supporting documentation. Further, a second Payroll officer does not review and check the information for accuracy prior to system input.	-	-	3	3
				-	3*	3*

* Some of the action plans relate to multiple scope areas, therefore to avoid double counting, the totals have been adjusted accordingly.

Limitation of scope

Internal Audit did not review the payroll processing in relation to payments to Councillors.

Opinion

On the basis of the work that we conducted, our *overall* assurance rating for this review, together with the number and priority of issues that were raised is as follows:

Overall assurance		Number and priority of issues		
Substantial	There is a robust system of governance, risk management and control which should ensure that objectives are fully achieved.	1	2	3
		-	-	3

Appendix 3 – Treasury Management

Background

Treasury management is a central function of the Council and is managed by the Finance and ICT service within the Finance and Governance Department. It comprises all the borrowing and investment activities of the Council.

The Local Government Finance Act (Northern Ireland) 2011 which came into effect on 1 April 2012, gave Councils the power to invest for “any purpose relevant to its functions under any enactment for the purposes of the prudent management of its financial affairs”¹.

Prudent management of its financial affairs is included to cover investments which are not directly linked to identifiable statutory functions but are simply made in the course of treasury management. This allows the temporary investment of funds borrowed for the purpose of expenditure in the reasonably near future.

Key to effective treasury management is the preparation of an annual Investment Strategy. This is to encourage the prudent investment of funds while ensuring the two main objectives of the strategy are met:

- Security – protection from capital loss.
- Liquidity – keeping money readily available for when required.

¹ Section 23 of the Local Government Finance Act (Northern Ireland) 2011

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Scope and summary conclusions

The scope (areas covered), objectives and summary conclusions arising from this audit are as follows:

Area	Objective	Conclusion	Action plans			
			Priority			Total
			1	2	3	
Policies and procedures	There are documented and up to date policies in place accessible by relevant staff.	There are documented Treasury Management policies and procedures in place and relevant officers have access to them.	-	-	-	-
Treasury Management Strategy	A Treasury Management Strategy is in place and updated on at least an annual basis	The Council's Investment Strategy for 2015/16 has been developed and approved by the Policy Resources and Service Convergence Committee on 13 January 2015.	-	-	-	-
Investment accounts	All new investment accounts are opened in the name of Antrim and Newtownabbey Borough Council and have been appropriately approved.	Investment accounts are opened in the name of Antrim and Newtownabbey Borough Council and have been appropriately approved for opening by the Policy and Governance Committee.	-	-	-	-
	An authorised signatory list is in place for the use of investments accounts.	An authorised signatory list is in place for the use of investments accounts, as approved on 22 January 2015.	-	-	-	-

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Area	Objective	Conclusion	Action plans			
			Priority			Total
			1	2	3	
Investments	Monies are invested in line with Council policies and procedures.	The Treasury team maintain the spreadsheet where the amounts invested are monitored to ensure that breaches of the investment limits set out in the Investment Strategy do not occur. However, for a sample of two investment accounts reviewed, the spreadsheet was not updated for amounts (interest) re-invested in the period. We also noted that the spreadsheet is not updated for accumulated interest earned on the Council's investments in Money Market Funds (MMF).	-	-	1	1
	Investment income is monitored to ensure completeness of receipts.	There is no formal process to ensure investment income is monitored for completeness.	-	-	1	1
Reconciliations	Investment account reconciliations are performed and reviewed on a regular basis.	In 3 of 4 reconciliations sampled, there was no evidence of reconciliation being performed to bank statements. In 1 of 4 reconciliations sampled, the balance per the bank statement differed to the balances, as noted on the reconciliation between the Spreadsheet and the ledger.	-	1	-	1

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Area	Objective	Conclusion	Action plans			
			Priority			Total
			1	2	3	
Treasury Management reporting	Reporting to the Council takes place in line with the treasury management policy and strategy	As a minimum the Council will receive an annual report on the Strategy to be pursued in the coming year, a mid-year review, and an Annual Report after the close of the financial year. The Treasury Management Strategy for 2015/16 has been developed and approved (see above). Mid-year reviews took place for both Antrim and Newtownabbey. However, no legacy Annual Reports were prepared and presented for review to the Council for the year 2014/15 either for Antrim or Newtownabbey.	-	-	1	1
			-	1	3	4

Limitation of scope

This review did not assess treasury management in the context of borrowings, instead focusing only on investments.

Opinion

On the basis of the work that we conducted, our *overall* assurance rating for this review, together with the number and priority of issues that were raised is as follows:

Overall assurance		Number and priority of issues		
Substantial	There is a robust system of governance, risk management and control which should ensure that objectives are fully achieved.	1	2	3
		-	1	3

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The Priority 2 issue is as follows:

Reconciliations

Priority of finding	Priority 2	An issue which requires prompt attention, as failure to do so could lead to a more serious risk exposure.						
Finding								
<p>In 3 of 4 reconciliations sampled, there was no evidence of reconciliation being performed to bank statements, but rather a reconciliation between a Short Term Investment Spreadsheet (as maintained by the Council for the purpose of monitoring breaches of the investment limits), and the ledger is performed.</p> <p>In 1 of 4 reconciliations sampled, the balance per the bank statement differed from the bank balance as noted on the reconciliation, as follows:</p> <table border="1" data-bbox="146 869 1348 1003"> <thead> <tr> <th>Bank balance per reconciliation</th> <th>Bank balance per statement</th> <th>Difference</th> </tr> </thead> <tbody> <tr> <td>£1,200,000</td> <td>£1,200,449.31</td> <td>£449.31</td> </tr> </tbody> </table> <p>This supports the finding that the reconciliations were not agreed back to third party confirmations but rather the reconciliation between the Short Term Investment Spreadsheet and the ledger was performed.</p> <p>It is recognised that the general ledger is populated directly from investment and return of investment notifications/confirmations, however, this is not sufficient to mitigate the risk of input errors or mis-postings to the general ledger going unnoticed.</p>			Bank balance per reconciliation	Bank balance per statement	Difference	£1,200,000	£1,200,449.31	£449.31
Bank balance per reconciliation	Bank balance per statement	Difference						
£1,200,000	£1,200,449.31	£449.31						
Implication								
<p>The lack of periodic investment account reconciliations to bank statements increases the risk that fraud or error will go undetected. It may also result in the Short Term Investment Spreadsheet (used for the purpose of monitoring breaches of the investment limits) not being updated accordingly and thus resulting in limits being breached (refer to Finding 3.3 above)</p>								
Agreed Action Plan								
<p>Management will introduce a periodic investment account reconciliation agreeing the amounts invested as per the Short Term Investment Spreadsheet to the ledger and bank.</p>								
Target Implementation date	30 September 2015							

Appendix 4 – Follow up of agreed actions

Details of all **Priority 2** agreed actions that are either not implemented or only partially implemented are provided below:

Not implemented

Background to recommendation	Recommendation	Original Management Response	Original Target Date
2013/14 - 03(i) - Processing and provision of information to Payroll			
2.1.1 System Access - Level of Access			
Each member of the Human Resources team has full unrestricted access to the Human Resources software (PAMS).	<p>Management has already advised that restriction of access levels is being developed as part of the system developments in preparation for the convergence of Antrim and Newtownabbey Borough Councils.</p> <p>On completion of the software development, management should create a hierarchy of access levels, allocating them as appropriate to users dependent on the user's roles and responsibilities.</p>	<p>ACCEPTED</p> <p>Will include as part of convergence work on PAMS.</p>	31/12/2014

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Background to recommendation	Recommendation	Original Management Response	Original Target Date
2014/15 - 04 - Fuel Management			
4.1.1 Jigsaw Fuel Management System Controls			
<p>The functionality within the Jigsaw Fuel Management System to restrict the issue of fuel by both a distance limit and fuel limit per vehicle account, has not been activated.</p>	<p>Management should implement system controls to restrict the issue of fuel by both distance and fuel amount. This exercise may involve Management setting defined tolerances for both parameters per vehicle class or model. Furthermore this would assist with the monitoring of fuel issue.</p>	<p>ACCEPTED Management will implement system controls to restrict the issue of fuel by both distance and fuel amount which will involve setting defined tolerance parameters per vehicle class or model.</p>	<p>31/07/2015</p>
4.1.2 Current Monitoring Arrangements			
<p>Management Information on fuel performance is not routinely distributed to Budget Holders. Therefore the Council cannot demonstrate adequate monitoring of both fuel issue and usage. Fuel performance is however monitored by the Transport Manager on a monthly basis at fleet level (by way of trend analysis).</p> <p>Within the reporting functionality of the Jigsaw Fuel Management System, there are a number of reports that Management could produce to allow more adequate monitoring covering all key areas of Fuel Management to assist addressing the current risks.</p>	<p>It is recommended that Management consider utilising the current reporting functionality within Jigsaw Management System to ensure that both fuel issue and usage are adequately monitored. Management should implement a monitoring system following selection of the most appropriate reports from the Jigsaw Fuel Management System. Fuel monitoring roles and responsibilities should be established to ensure that all appropriate management are involved in the process. Further to this Management may wish to consider specific performance measures to monitor such as vehicle MPG per vehicle class or model.</p>	<p>ACCEPTED Management will utilise the current reporting functionality within Jigsaw Management System to ensure that both fuel issue and usage are adequately monitored. Management will implement a monitoring system following selection of the most appropriate reports from the Jigsaw Fuel Management System. Fuel monitoring roles and responsibilities will be established to ensure that all appropriate management are involved in the process. Management will consider specific performance measures for the monitoring of vehicle MPG per vehicle class or model.</p>	<p>31/07/2015</p>

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Background to recommendation	Recommendation	Original Management Response	Original Target Date
Fleet Management 13/14			
3.2.3 Maintenance, Storage and Retention of Records			
<p>NBC policy documents do not clearly define who is responsible for maintaining all records in relation to Driver and Vehicle Standards Agency (DVSA) requirements, such as driver defect, safety inspections, routine maintenance and repair to vehicles and trailers.</p> <p>Policy documents do not clearly state how long records should be retained for and who is responsible for the destruction of records when the retention period has lapsed.</p>	<p>As part of the development of a new policy and procedure document, consideration should be given to the inclusion of who is responsible for maintaining records in relation to DVSA requirements such as driver defects, safety inspections, routine maintenance and repairs to vehicle and trailers.</p>	<p>ACCEPTED</p> <p>Management accept there may be a possibility to have a centralised storage facility for defect reports in conjunction with the current filing system. Clear terms and responsibilities will be detailed when formalised.</p>	<p>30/04/2015</p>

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Background to recommendation	Recommendation	Original Management Response	Original Target Date
FC/IA/142 - Parks and Maintenance			
3.1.1 Parks Maintenance Policy			
<p>It was noted that there is a NBC Standard Operating Procedure for Staystafe Inspections in Parks and Cemeteries, however this related to the administration of the PSS lice system.</p> <p>Additionally there is some documentation stemming back to the Compulsory Competitive Tendering (CCT) contract which sets out procedures, through this has not been updated.</p>	<p>As part of the merger process, Internal Audit recommends that Parks Maintenance consider developing a policy document and accompanying procedures for the newly merged Council (refreshing the information from the CCT Contract as applicable), to cover the following:</p> <ul style="list-style-type: none"> - Parks Maintenance policy; - Maintenance procedures; - Monitoring procedures; - Escalation procedure; and - Public requests procedure. <p>This should be approved by the newly merged Council and distributed to all Parks Maintenance Staff. It is further recommended that in line with best practice the Council ask all relevant Parks Maintenance Staff to sign for receipt of the policy documents, to say that they are familiar with its contents and will act in accordance with its instructions.</p>	ACCEPTED	31/03/2015

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Background to recommendation	Recommendation	Original Management Response	Original Target Date
FC/IA/142 - Parks and Maintenance			
3.1.2 PSS Live Scheduled Inspections			
<p>A number of exceptions were noted between the Parks Maintenance Schedule and the PSS Live system. These were:</p> <ul style="list-style-type: none"> • One site location (Nursery Location – Projects) was not included within the PSS Live system. • There were nine scheduled inspections that were not in line with the number detailed within the Parks Maintenance Scheduled Booklet. • For both Ballyrobert and Ballunure Villages, more frequent inspections were planned and conducted that intended by the Maintenance Schedule. 	<p>Management should review all scheduled inspections for 2014/15 to ensure that all locations are included separately on PSS Live in line with the locations detailed within the Parks Maintenance Schedule Booklet.</p> <p>Further to this the number of inspections planned within the PSS Live System should be in line with the Parks Maintenance Schedule Booklet.</p>	ACCEPTED	31/03/2015

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Background to recommendation	Recommendation	Original Management Response	Original Target Date
3.1.3 Inspections not completed as planned within PSS Live			
<p>A review of the PSS Live system noted that in three of thirteen locations, the number of actual inspections completed was not in line with the inspections scheduled per PSS live. These related to:</p> <ul style="list-style-type: none"> • Threemilewater Park • Sixmile Playing Fields • Ballyclare Town 	<p>Management should monitor on a monthly basis the number of inspections conducted against the number of inspections planned per PSS Live. Where management highlight discrepancies between the number of actual inspections and those planned, they should seek an explanation from the responsible supervisor and ensure that action is taken to address the completion of outstanding overdue inspections.</p>	ACCEPTED	31/03/2015
3.1.7 Monitoring/ Spot Checking			
<p>Management perform spot checks on the completed work to ensure that it has been performed as intended. Management advised that not all spot checks are formally recorded within PSS Live.</p> <p>In addition, there is no policy or procedure documentation to detail the frequency, content and recording requirements of spot checks.</p>	<p>Management should specify the frequency of spot checks that should be conducted. This should be incorporated into the updated policy.</p>	ACCEPTED	31/03/2015

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Partially implemented

Background to recommendation	Recommendation	Original Management Response	Original Target Date
2013/14 - 03 - Payroll & Expenses			
3.1.1 System Access - Level of Access			
Each of the six Payroll Ledger users has full unrestricted access to the Ledger. The Management Accountant advised that at present there was no way to restrict access levels and that this was being rectified through the software development for the new Council.	Management has already advised that restriction of access levels is being developed as part of the system developments in preparation for the convergence of Antrim and Newtownabbey Borough Councils. On completion of the software development, management should create a hierarchy of access levels, allocating them as appropriate to users dependent on the user's roles and responsibilities.	ACCEPTED Will initially look at the Payroll Ledger then will roll out to the other Ledgers.	30/11/2014
FC/IA/127 – IT General Controls 2012/13			
3.2.5 Service Level Agreements (SLAs)			
A Service Level Agreement (SLA) between the Council and Consilium (the software provider for TOTAL) could not be produced. However, a generic SLA was provided by Consilium. This however is unsigned and therefore may not be enforceable.	An up to date service level agreement should be put into place with Consilium and should be monitored effectively. This should be agreed between both parties. Delivery against the SLA should be routinely monitored and where failure to deliver is identified, appropriate follow up action should be taken.	ACCEPTED ICT will engage with both Consilium and the application owner to draft an SLA and agree monitoring criteria.	31/12/2013

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Background to recommendation	Recommendation	Original Management Response	Original Target Date
FC/IA/135 - Theatre at the Mill 2013/14			
3.1.4 Completion of Risk Assessments			
<p>Risk assessments were not available for two out of six productions reviewed. Within the covering letter which accompanies the contract, the Council states "if a risk assessment is not supplied, the theatre will arrange for a risk assessment to be produced and the additional fee of £1,000 will be deducted from your final account". The Council has never imposed this risk assessment completion fee.</p>	<p>Risk assessments should be provided by the Producer or completed by the Council for every production.</p>	<p>ACCEPTED The Council's Technical Department will only produce a Risk Assessment of a Production where the Visiting Company refuses to produce a relevant Risk Assessment. In this event, a fee of £1,000 will be levied. Contractually, it remains the responsibility of the Visiting Company to complete a risk assessment.</p>	<p>05/04/2014</p>

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Background to recommendation	Recommendation	Original Management Response	Original Target Date
FC/IA/139 - Fleet Management 13/14			
3.2.4 Vehicle Safe Loading Policy			
<p>There is currently no formal policy regarding Vehicle Safe Loading in operation at the Council. It is understood that a policy is being prepared by the Waste Manager.</p>	<p>It is recommended that the Vehicle Safe Loading policy is finalised, reviewed and approved as soon as is reasonably possible.</p> <p>Care should be taken to ensure that the policy document details:</p> <ul style="list-style-type: none"> - Vehicle Loading Procedure; - Roles and Responsibilities; - Recording of weights within the daily activity report and retention of weight slips; - Monitoring of vehicle loads; - Review of vehicles over safe load limit and actions to be taken. <p>This policy should be disseminated across all departments for which vehicles over 3.5 tonne are allocated and utilised.</p>	<p>ACCEPTED</p> <p>Management are currently reviewing this jointly in both Councils.</p>	<p>30/04/2015</p>

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Background to recommendation	Recommendation	Original Management Response	Original Target Date
FC/IA/141 – Income Share Arrangements (Recycling) 14/15			
3.2.4 Validation of weights			
<p>The Council has its own record of weights through its weighbridge at Bruslee. There is no evidence to confirm the information (regarding weights) provided by the contractors is compared to the Council's information for reasonability.</p> <p>In addition, an acceptable difference threshold has not been defined (beyond which management should take action).</p>	<p>Management should retain evidence of the control which compares the contractor's information against the Council's own records (and any subsequent action arising when the acceptable threshold variance has been breached.)</p>	ACCEPTED	06/11/14

Appendix 5 – National Fraud Initiative

The following “matches”, were identified by NFI. These are split between the total number of matches and those that are “recommended” (“Rec”).

Details are also given as to the purpose of each type of match report:

Report	Match type	Purpose of the report	Antrim		Newtownabbey	
			Total	Rec	Total	Rec
65	Payroll to payroll		12	-	-	-
66	Payroll to payroll	To identify individuals who may be committing employment fraud by failing to work their contracted hours because they are employed elsewhere or are taking long-term sickness absence from one employer and working for another employer at the same time. The criteria for a match are a person having one full-time post plus at least one other post elsewhere.	49	-	42	-

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Report	Match type	Purpose of the report	Antrim		Newtownabbey	
			Total	Rec	Total	Rec
80	Payroll to creditors (bank account)	The match identifies instances where an employee and creditor are linked by the same bank account or the same address to identify employees with interests in companies with which your organisation is trading. This may indicate potential undeclared interests and possible procurement corruption or where a member of staff has set up a creditor with their own bank details in order to receive payments they are not entitled to.	37	2	97	28
81	Payroll to creditors (address)	As above (report ref 80)	13	5	41	18
701	Duplicate creditors by creditor name	To identify instances where the same supplier has been set up with more than one reference number on the system thus increasing the potential for creditors to obscure fraudulent activity.	7	-	30	-
702	Duplicate creditors by address detail	To identify multiple creditors operating at the same address. These may represent simple errors, where the same creditor may have been set up twice using a slightly different spelling, for example LIMITED and LTD, or an attempt to obscure fraudulent activity.	20	-	48	-

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Report	Match type	Purpose of the report	Antrim		Newtownabbey	
			Total	Rec	Total	Rec
703	Duplicate creditors by bank account number	<p>This output shows where the same bank account details appear on more than one record. Of particular interest is where the same bank details are shown against suppliers with different names. These may indicate where a supplier has changed trading name but the standing data has not been updated to reflect this or there are links between companies with different trading names.</p> <p>Please note that some building society accounts are differentiated by sort code, account number and roll number (or personal reference number). Therefore, for such accounts where the roll (or personal reference) number has not been provided, this match may only indicate that the creditors involved share the same building society, not necessarily the same account.</p> <p>This report only contains Creditors for whom raised payable invoices were included within the invoice history data submitted for the NFI. In addition, if the 'Creditor Type' has been provided for each Creditor when submitting your data, and you wanted to restrict your area of investigation, the matches can be filtered to show just those Creditor types you are interested in.</p>	10	-	22	-

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Report	Match type	Purpose of the report	Antrim		Newtownabbey	
			Total	Rec	Total	Rec
707	Duplicate records by reference, amount and creditor reference	This match highlights possible duplicate payments in excess of £500 that may have arisen as a result of poor controls or fraudulent activity by suppliers and/or staff.	53	3	16	-
708	Duplicate records by amount and creditor reference	This match highlights possible duplicate payments in excess of £1,000 that may have arisen as a result of poor controls or fraudulent activity by suppliers and/or staff. There are likely to be more matches than in report 707 as this report does not require the invoice reference field to match. Please Note: Matches involving three or more invoices have been pre-filtered out as pilot work suggests that these are usually periodic payments, for example, monthly building lease or utility payments.	194	20	384	24
709	VAT overpaid	This report identifies instances where VAT may have been overpaid. This is based on the information provided within the NFI invoice history data submission and the output includes the level and scale of overpaid VAT. The VAT amount is compared to a calculated maximum VAT of 20%, the maximum VAT rate in the payment period covered by the NFI exercise.	18	10	12	4

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Report	Match type	Purpose of the report	Antrim		Newtownabbey	
			Total	Rec	Total	Rec
710	Duplicate records by name, invoice number and amount but different creditor reference	This match highlights possible duplicate payments for the same goods/services but to creditors with different reference numbers, which may have arisen as a result of poor controls or fraudulent activity by suppliers and/or staff.	-	-	3	-
711	Duplicate records by invoice number and amount but different creditor reference and name	As above (report ref 711).	20	-	38	1
713	Duplicate records by postcode, invoice amount but different creditor reference and invoice number and date	As above (report ref 711).	2	-	6	0
Total			435	40	739	75

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Report	Match type	Purpose of the report	Antrim		Newtownabbey	
			Total	Rec	Total	Rec
9999	Multiple occurrence report	Report 9999 brings together individuals who appear as a match in more than one of the NFI reports. This can alert investigators that there may be more than one issue to consider and potentially save time avoiding duplication of work on a match found later on.	13	-	17	-

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Details are provided as to the approach taken by the Council in respect of the matches:

Report	Match type	Approach taken
66	Payroll to payroll	Desktop review of all matches to identify anomalies; for example someone recorded as full time or part time in both organisations. Detailed analysis of all matches. Liaised with counterparty organisation to confirm employee status and shift patterns, where applicable.
80	Payroll to creditors (bank account)	All recommended matches investigated. In addition a further 20% of matches were selected at random (haphazardly) for further investigation (excluding any items that had been matched in previous years). Review of the payment history on Total for all matches to identify reason for payment.
81	Payroll to creditors (address)	All recommended matches investigated. In addition a further 20% of matches were selected at random (haphazardly) for further investigation. Review of the payment history on Total for all matches to identify reason for payment.
701	Duplicate creditors by creditor name	Scanning analytics on all matches to identify possible of duplicate suppliers. 20% of matches were selected for further investigation.
702	Duplicate creditors by address detail	Scanning analytics on all matches to identify possible of duplicate suppliers. 20% of matches were selected for further investigation.
703	Duplicate creditors by bank account number	Scanning analytics on all matches to identify possible of duplicate suppliers. 20% of matches were selected for further investigation.
707	Duplicate records by reference, amount and creditor reference	All recommended matches investigated. Scanning analytics on all remaining matches. Based on the results of the scanning analytics a further 20% of matches were selected judgmentally.
708	Duplicate records by amount and creditor reference	All recommended matches investigated. In addition a further 5% of matches were selected at random (haphazardly) for further investigation. For those items, reviewed the invoices and purchase orders to confirm that these were separate items / services being procured.

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Report	Match type	Approach taken
709	VAT overpaid	All recommended matches investigated. In addition a further 2 matches (per each legacy organisation) were selected at random (haphazardly) for further investigation.
710	Duplicate records by name, invoice number and amount but different creditor reference	10% of matches were selected for further investigation.
711	Duplicate records by invoice number and amount but different creditor reference and name	10% of matches were selected for further investigation.
713	Duplicate records by postcode, invoice amount but different creditor reference and invoice number and date	1 match (per legacy organisation) was selected for further investigation.

Appendix 6 – Classification of Assurance

Individual findings

The priority ratings for individual findings / action plans are as prescribed by the Department of Finance and Personnel, reference HIA (DFP) 01/12 and are as follows:

Prioritisation	Definition
Priority 1	An issue which requires urgent management decision and action without which there is a substantial risk to the achievement of key business/system objectives, to the reputation of the organisation, or to the regularity and propriety of public funds.
Priority 2	An issue which requires prompt attention, as failure to do so could lead to a more serious risk exposure.
Priority 3	Improvements that will enhance the existing control framework and / or represent best practice.

Engagement opinions

On completion of the audit engagement, Internal Audit forms an independent and objective opinion on the effectiveness of the controls reviewed during the audit. Internal Audit has adopted a 4 tier level of assurance (as prescribed by DAO (DFP) 07/13), as below.

To promote consistency between reports, the starting point for our overall opinion is determined by allocating points to each of the findings / action plans included in the report as follows:

Prioritisation	Points
Priority 1	10 points per finding
Priority 2	3 points per finding
Priority 3	1 point per finding

Using this scoring, we calculate the overall score for the audit which provides an indication of the likely level of assurance.

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Level of Assurance	Definition	Total score (indicative)*
Substantial	There is a robust system of governance, risk management and control which should ensure that objectives are fully achieved.	6 points or less
Satisfactory	Overall there is an adequate and effective system of governance, risk management and control. While there is some residual risk identified this should not significantly impact on the achievement of objectives. Some improvements are required to enhance the adequacy and/or effectiveness of governance, risk management and control.	7 – 19 points
Limited	There is an inadequate and/or ineffective system of governance, risk management and control in place. Therefore there is significant risk that the system will fail to meet its objectives. Prompt action is required to improve the adequacy and/or effectiveness of governance, risk management and control.	20 – 39 points
Unacceptable	The system of governance, risk management and control has failed or there is a real and substantial risk that the system will fail to meet its objectives. Urgent action is required to improve the adequacy and/or effectiveness of governance, risk management and control.	40 points and over

* The level of assurance assigned to any audit remains a matter of professional judgement for the Internal Auditor. There may be exceptional circumstances where, in the opinion of the Internal Auditor, the adequacy and / or effectiveness of the underlying system / process being subjected to audit, is not consistent with the level of assurance derived using the scoring mechanism outlined above. In this instance, the level of assurance derived using the scoring mechanism above can be overridden. Where this override has been utilised, this will be fully explained.

It should be noted that a 'Substantial' level of assurance does not necessarily equate to "full assurance". It is possible that a 'substantial' level of assurance could be awarded where minor improvements could still be made. Similarly an 'unacceptable' level of assurance would not necessarily mean that no controls are in place, but this level would normally be accompanied by a range of key actions for major control improvements.