



MINUTES OF THE PROCEEDINGS OF THE MEETING OF THE AUDIT COMMITTEE HELD IN ANTRIM CIVIC CENTRE ON THURSDAY 20 MARCH 2019 AT 6.30 PM

- In the Chair** : Councillor S McCarthy
- Committee** : Alderman W DeCourcy
Councillors – T Girvan, P Hamill, and D Hollis
- Independent Member** : G Nesbitt
- Non-Committee Members Present** : Councillor Maguire
- Officers Present** : Director of Finance and Governance – S Cole
Director of Organisation Development – A McCooke
Head of Internal Audit – P Caulcutt
Head of Finance – J Balmer
Head of IT – G Smyth
Head of Performance & Transformation – H Hall
ICT Systems Support – J Higginson
Member Services – S Boyd
- In attendance** : Christine Hagan – ASM
Karen Beattie - NIAO

CHAIRPERSON'S REMARKS

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

The Chair extended a welcome to Karen Beattie from the Northern Ireland Audit Office and Christine Hagan from ASM Accountants.

1. APOLOGIES

Councillor M Rea

2. DECLARATIONS OF INTEREST

None

3. PRESENTATION

3.1 FI/AUD/3 RISK MANAGEMENT ARRANGEMENTS

A presentation was given to Members by the Head of Internal Audit on the review of the Council's Risk Management Arrangements.

At the December 2018 Audit Committee Members were advised that Risk Management arrangements within the Council were being reviewed and that this included the review and cleanse of the Council's Risk Registers and Risks.

The presentation provided Members with an update on the work undertaken, specifically in respect to the risk management arrangements, the process of review and cleanse of the risk registers maintained across the Council and the risks contained within them, how risk management links through to the assurance framework; and the update of the risk management strategy and procedures.

3.2 PT/CI/021 CORPORATE IMPROVEMENT PLAN 2019/20

A presentation was given to Members on the Corporate Improvement Plan 2019/20 (Draft for Consultation) by the Head of Performance and Transformation. The Plan was circulated for Members' attention.

Members thanked Officers for providing a very comprehensive and detailed report and for highlighting the improvements Council were making.

Councillor Maguire sought clarity on the trend in membership figures for leisure centres. The Head of Performance & Transformation provided clarification on family membership and advised that she would report back with updated figures.

ACTION BY: Helen Hall, Head of Transformation and Development

4. ITEMS FOR DECISION

4.1 FI/AUD/1 INTERNAL AUDIT STRATEGY 2019-22 AND AUDIT PLAN 2019/20

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

Due to the finite resources available, it is not possible to provide audit coverage of all aspects of the Council's activities within a given year. Therefore a risk-based plan of Internal Audit activity had been prepared to provide appropriate audit coverage over the next three years, focusing on the more significant risks first. This risk assessment had been set out in the

Internal Audit Strategy, which also incorporates the Audit Plan 2019/20 (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 2019/20.

Proposed by Councillor Hamill
Seconded by Councillor Girvan and agreed that

the Committee approves the Internal Audit Strategy 2019-22 and Audit Plan 2019/20.

NO ACTION

4.2 FI/AUD/2 REVIEW OF THE EFFECTIVENESS OF THE AUDIT COMMITTEE 2018/19

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 of their performance".

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

On 19 February 2019, Members of the Audit Committee participated in a facilitated self-assessment review of the performance of the Audit Committee, where they completed the 'Evaluating the Effectiveness of the Audit Committee' self-assessment checklist.

The results of this review were circulated for Members' agreement.

These results, along with an Annual Report outlining the Audit Committee's activities during the year, will be reported to the June 2019 Audit Committee as well as the June 2019 Council meeting as part of the year end reporting process.

Proposed by Councillor Hamill
Seconded by Councillor Hollis and agreed that

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

ACTION BY: Paul Caulcutt, Head of Internal Audit

5. ITEMS FOR INFORMATION

**5.1 FI/FIN/SOA/05 NIAO: ANTRIM AND NEWTOWNABBEY BOROUGH
COUNCIL: AUDIT OF 2018/19 STATEMENT OF ACCOUNTS - AUDIT STRATEGY**

The External Audit Strategy for the audit of the 2018/19 Statement of Accounts had been received (circulated) which provided a clear understanding of how the NIAO plan to carry out the audit of the 2018/19 financial statements and the key risks identified in their planning work.

Representatives of the NIAO were in attendance to present the Strategy and answer Members' questions.

Proposed by Councillor Girvan
Seconded by Councillor Hamill and agreed that

the report be noted.

ACTION BY: John Balmer, Head of Finance

**5.2 PT/CI/019 CORPORATE IMPROVEMENT PLAN 2018-19 QUARTER 3
IMPROVEMENT OBJECTIVES PROGRESS REPORT**

Members were 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.

A third quarter progress report was circulated for Members' attention.

The report provides an overview on how we performed against:

- Our corporate improvement objectives, as set out in the 2018-19 Corporate Improvement Plan, which was approved by Council in June 2018;
- The seven statutory indicators and standards that were set by Central Government Departments for Planning Services, Economic Development and Waste Management – as defined in the Local Government (Performance Indicators and Standards) Order (Northern Ireland) 2015; and
- A range of self-imposed imposed improvement objectives across all service areas.

Proposed by Councillor Girvan
Seconded by Alderman DeCourcy and agreed that

the Corporate Improvement Plan 2018-19 Quarter Three progress report be noted.

NO ACTION

5.3 **PT/CI/021 CORPORATE IMPROVEMENT GOVERNANCE ARRANGEMENTS (2019-20)**

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. In addition, 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 2019-20 (Draft for Consultation) was approved by Council in January 2019. 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 was 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 2019-20 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 (2019-20), 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 Hamill
 Seconded by Councillor Girvan and agreed that

the report be noted.

NO ACTION

5.4 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.

December 2018

3.2 REVIEW OF THE EFFECTIVENESS OF THE AUDIT COMMITTEE 2018/19

(i) To provide a selection of dates in February 2019 for Members consideration and to arrange a suitable date for the review of effectiveness.	Complete A selection of dates was provided to Members, with Tuesday 19 February 2019 arranged for the review.	N/A
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3.10 CORPORATE IMPROVEMENT PLAN 2018-19 QUARTER 2 IMPROVEMENT OBJECTIVES PROGRESS REPORT

(i) To provide the disputed invoices report, as requested by the Policy and Governance Committee, for noting at the next Audit Committee.	Complete The disputed invoices report as provided to the Policy and Governance Committee on 5 February 2019, has been included within this Audit Committee's Agenda.	N/A
3.10 RISK MANAGEMENT ARRANGEMENTS		
(i) Details of the Council's Assurance Statement process be provided to the Independent Member.	Complete Details of the Council's Assurance Statement process was provided to the Independent Member on 21 December 2018.	N/A
(ii) Details of those Corporate Risks removed from the Corporate Risk Register, including justifications, be provided to the next Audit Committee.	To be completed The review of the Corporate Risk Register is due to commence on approval of the revised Risk Management Strategy (Policy and Governance Committee on 5 March 2019). Details of those risks removed, including justifications will be provided to the June Audit Committee.	June 2019
3.11 CYBER SECURITY REVIEW		
(i) An update be provided to the next Audit Committee meeting highlighting which recommendations will be accepted by the Council, who will be responsible and when they will be implemented.	Complete An update report has been included within this Audit Committee's Agenda.	N/A
3.14 INVESTIGATION UPDATE		
To provide a report showing the time spent on investigations in 2018 compared to 2017, to the next Audit Committee.	Complete A year on year comparison of time spent on investigations has been incorporated in the Investigation Update report within this Committee's Agenda.	N/A

Proposed by Councillor Girvan
Seconded by Councillor Hollis and agreed that

the Committee notes the Previous Actions update.

NO ACTION

5.5 FI/AUD/1 INTERNAL AUDIT UPDATE REPORT

A report containing a summary of Internal Audit activity since the Audit Committee last met on 11 December 2018 was circulated. The report included the objectives and conclusions reached for each completed engagement and management comments as applicable.

Proposed by Councillor Hamill
Seconded by Councillor Girvan and agreed that

the Internal Audit Update report be noted.

NO ACTION

5.6 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 25 risks) and the associated Risk Scores.

While the current profile confirms there are no closed risks, a number of changes have been made to the Register as outlined below:

1. The Budgetary Control risk has been rescored in respect of the likelihood of the risk occurring. The residual likelihood has been reduced from a score of 3 to 2, reducing the total risk score from 27 to 18. This is to reflect the embedded budgetary control process within the Council, ensuring services are delivered within budget as well as the historic trend over the last number of years in that the Council has delivered the services within budget.
2. The Landfill and Waste Framework Directives risk has been rescored in respect of the likelihood of the risk occurring. The residual likelihood has been reduced from a score of 3 to 2, reducing the total risk score from 24 to 16. This is to reflect how well the recyclable initiatives are working across the Borough and the positive position the Council is in respect to the Statutory Target of 'percentage of household waste collected that is sent for recycling', where the Council is currently recycling around 59%, against a target of 50%.
3. The Bonfires on Council Land risk has been redefined to now be "non-compliant / contentious bonfires on Council land". As a result, the residual scoring has been updated, whereby the likelihood has been reduced from 4 to 3 and the impact has been increased from 4 to 6 (an increase to the impact on stakeholders). This rescored has increased the total risk score from

16 to 18.

4. Due to the increasing uncertainty surrounding Brexit, the residual likelihood has been rescored from 3 to 4. This increases the total risk score from 15 to 20, changing the risk categorisation from a low to a medium risk.

Existing Profile of the Council's Corporate Risk Register (As of 28/02/19)

Risk Number	Title	Total Risk Score		Changes In risk level
		Inherent	Residual	
Corporate Risk Register				
CPR000010	Budgetary Control	44	18	-9
CPR000044	ICT Infrastructure	36	21	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	27	12	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	None
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	16	-8
CPR000361	Council Policies and Procedures	28	21	None
CPR000246	Crematorium and Burial Provision	40	27	None
CPR000433	Rate revaluation and rate appeals	36	21	None
CPR000444	Non-Compliant / Contentious Bonfires on Council owned land	32	18	+2
CPR000445	Brexit	32	20	+5
CPR000447	Business Continuity	33	16	None

Councillor Maguire sought clarification on the Risk Register. The Head of Internal Audit agreed to revert back to Councillor Maguire.

Proposed by Councillor Hamill
Seconded by Councillor Girvan and agreed that

Committee note the current Risk Profile reported in accordance with the agreed reporting protocol.

ACTION BY: Paul Caulcutt, Head of Internal Audit

5.7 FI/AUD/3 REVISED RISK MANAGEMENT STRATEGY AND PROCEDURES

Members were advised that Officers had undertaken a review and update of the Council's Risk Management Strategy (circulated) in order to bring it up to date and reflect changes in the Council's Risk Management arrangements since the Strategy was originally developed in April 2015. The revised Risk Management Strategy was approved by the Policy and Governance Committee on 5 March 2019.

The Council is exposed to a variety of risks which are threats that an event or action will adversely affect our ability to achieve the Council's objectives. As such appropriate risk management processes are required to ensure risks are identified, analysed and controlled.

Risk Management is defined within the Strategy as "the combination of structures, management systems and organisational culture which enables an organisation to manage threats and opportunities which might impact on the achievement of the objectives of the organisation."
The Council's Risk Management Strategy ensures that there is an effective system in place to manage the Council's risk exposure. It outlines the ongoing process the Council will follow to ensure risks are known, understood and managed. It also enables staff at all levels to have an understanding of their roles and responsibilities in respect to risk management.

The Risk Management Strategy has been screened for the need for an Equality Impact Assessment (EQIA) and a Data Protection Impact Assessment (DPIA). Both an EQIA and a DPIA are not recommended.

In addition to the revision of the Risk Management Strategy, we have also taken the opportunity to review and update the Risk Management Procedures (circulated).

The Procedures enable all staff to understand their role and responsibility, in terms of identifying, monitoring and managing risk.

The Procedures also provides a detailed process through the various risk management stages, from Risk Identification, Review and Assessment, Risk Treatment and Recording of Risks on a Risk Register.

Proposed by Councillor Girvan
Seconded by Councillor Hamill and agreed that

the Committee notes the revised Risk Management Strategy and Procedures.

NO ACTION

5.8 FI/AUD/79 REVISED WHISTLEBLOWING POLICY

Members were reminded that the Council has a Whistleblowing Policy which was implemented in April 2015. Officers had undertaken a review and update of this Policy (circulated) in order to bring it up to date and reflect some minor changes in Legislation applicable to Northern Ireland. The revised Whistleblowing Policy was approved by the Policy and Governance Committee on 5 March 2019.

The Policy had been prepared in line with this Legislation, the Public Interest Disclosure (Northern Ireland) Order 1998 and the Northern Ireland Audit Office (NIAO): Whistleblowing in the Public Sector – A Good Practice Guide for Workers and Employees.

The Policy sets out the importance of whistleblowing to the Council in the provision of information in relation to wrongdoing and improper conduct of public business, including potential fraud and corruption, while ensuring those who provide this information are protected from reprisal through the Policy and Legislation.

The Whistleblowing Policy had been screened for the need for an Equality Impact Assessment (EQIA) and a Data Protection Impact Assessment (DPIA). Both an EQIA and a DPIA are not recommended.

Proposed by Alderman DeCourcy
Seconded by Councillor Girvan and agreed that

the Committee notes the revised Whistleblowing Policy.

NO ACTION

5.9 ICT/GEN/020 CYBER SECURITY REVIEW

Members were reminded that at the December 2018 Audit Committee it was agreed that an update report be provided which would highlight which of the recommendations would be accepted by Council, who will be responsible for implementing the accepted actions and when they will be implemented.

A copy of the update report was circulated for Members' review.

Proposed by Councillor Hamill
Seconded by Councillor Girvan and agreed that

the Committee notes the update report on the Cyber Security review.

NO ACTION

5.10 FI/FIN/9 DISPUTED INVOICES REPORT

Members were reminded that at the December 2018 Audit Committee they requested a copy of the Disputed Invoices report (as requested by the Policy and Governance Committee) for noting.

The disputed invoices information was contained within the Prompt Payment Performance report that was provided to the Policy and Governance Committee on 5 February 2019.

An extract of this report, relating to the disputed invoices information was circulated for Members' review.

Proposed by Councillor Girvan
Seconded by Councillor Hamill and agreed that

the Committee notes the Disputed Invoice Report extract.

ACTION BY: Paul Caulcutt, Head of Internal Audit

5.11 FI/AUD/68 NATIONAL FRAUD INITIATIVE 2018

The Comptroller and Auditor General for Northern Ireland (C&AG) and the 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 same or another body to see how far they match. This allows potentially fraudulent claims and payments to be identified.

The National Fraud Initiative (NFI) is undertaken every 2 years and is administered / facilitated by the Cabinet Office with the matches for NFI 2018 being recently provided to the Antrim and Newtownabbey Borough Council.

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. Further detail regarding the approach being adopted was circulated.

The results from this exercise will be reported to a future Audit Committee.

Proposed by Councillor Hamill
Seconded by Councillor Hollis and agreed that

the Committee notes the National Fraud Initiative 2018 report.

NO ACTION

5.12 FI/AUD/2 NIAO: LOCAL GOVERNMENT AUDITOR'S REPORT 2018 – FOLLOW UP OF RECOMMENDATIONS

Members were reminded that the Local Government Auditor published her report on the exercise of her functions in the year to 31 March 2018 and that this report included the audit of the 2016/17 accounts of the 11 councils as well as the audit and assessment of the Council's performance improvement responsibilities for 2017/18. A copy of the Local Government Auditor's 2018 report was provided to Members at the September 2018 Audit Committee.

The Council has received communication from the Local Government Auditor (circulated) seeking an update on the actions taken by the Council in implementing the recommendations within the report.

The Council has provided the Local Government Auditor with an update of the actions taken and a summary of these actions had been circulated from Members information.

Proposed by Councillor Girvan
Seconded by Councillor Hamill and agreed that

the Committee notes the Follow Up of the Local Government Auditor's Recommendations.

NO ACTION

PROPOSAL TO PROCEED 'IN CONFIDENCE'

Proposed by Councillor Girvan
Seconded by Councillor Hollis and agreed that

any remaining Committee business be taken in Confidence.

6. ITEMS IN CONFIDENCE

6.1 IN CONFIDENCE FI/AUD/4 NIPSO: INVESTIGATIONS – COUNCIL SERVICES

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

Proposed by Councillor Girvan
Seconded by Councillor Hamill and agreed that

the report be noted.

NO ACTION

6.2 IN CONFIDENCE FI/AUD/4 INVESTIGATIONS UPDATE

A report containing a progress update on investigations, since the Audit Committee last met on 11 December 2018, was circulated. The report included details of new, completed and ongoing investigations.

The report also contained a year on year comparison of time spent on investigations, as requested by the Audit Committee.

The Independent Member suggested that Council consider utilising alternative resource to support Internal Audit with investigations. As requested by the Independent Member, the Director of Organisation Development agreed to consider alternative resources.

Proposed by Councillor Hollis
Seconded by Alderman DeCourcy and agreed that

the report be noted.

ACTION BY: Paul Caulcutt, Head of Internal Audit

PROPOSAL TO PROCEED OUT OF 'IN CONFIDENCE'

Proposed by Councillor Girvan
Seconded by Councillor Hamill 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.

7. ANY OTHER RELEVANT BUSINESS

The Chairperson thanked Officers, Members and the Audit Office for their support during his time as Chairperson.

Alderman DeCourcy complimented Officers of the Audit Committee on their efficiency and thanked Members and Officers for their support during his time on the Committee.

There being no further committee business the Chairperson thanked everyone for their attendance and the meeting concluded at 8.38 pm.

MAYOR