



MINUTES OF THE PROCEEDINGS OF THE MEETING OF THE AUDIT COMMITTEE HELD IN ANTRIM CIVIC CENTRE ON TUESDAY 21 MARCH 2017 AT 6.30 PM

- In the Chair** : Councillor M Rea
- Committee** : Councillors - T Beatty, T Girvan, D Hollis, P Hamill and M Maguire
- Independent Member** : Grace Nesbitt
- Officers Present** :
- Director of Finance and Governance - C Archer
 - Director of Organisation Development - A McCooke
 - Head of Finance - J Balmer
 - Internal Auditor - P Caulcutt
 - Business Change Manager - H Hall
 - Head of Waste – M Lavery
 - ICT Systems Support - J Higginson
 - Senior Admin Officer – S McAree
 - Member Services Officer – V Lisk
- In attendance** : Neil Gray (NI Audit Office)
Louise Kelly (Grant Thornton)
Cara McCroy (PwC)

CHAIRMAN'S REMARKS

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

1. APOLOGIES

None

2. DECLARATIONS OF INTEREST

Grace Nesbitt, informed the Committee that from February 2017 she was a member of the oversight Board of the Department for the Economy in relation to RHI, as well as being a member of the Audit and Risk Committee for the Department of the Economy.

3.1 CE/OA/25 CORPORATE IMPROVEMENT PLAN 2017/18 (WORKING DRAFT)

A presentation was provided for Members on the Corporate Improvement Plan 2017/18 (Working Draft) by the Business Change Manager.

The Business Change Manager responded to Members questions and comments and Members thanked her for the presentation.

3.2 FI/AUD/2 PREVIOUS ACTIONS

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

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

Item Number	Action	Progress update	Anticipated Completion Date
December 2016			
3.3 PROGRESS REPORT ON THE RECOVERY OF OUTSTANDING DEBT			
(i)	Further progress report to be brought to the next Audit Committee meeting classifying the outstanding debt. Report also to identify outstanding debtors who pay by direct debit. (Also see June 2016 (iii) below)	Complete Report to be presented to the March 2017 Audit Committee.	N/A
3.5 CORPORATE IMPROVEMENT PROJECTS – SECOND QUARTER UPDATE			
(i)	Request for the Council to aim towards a Governance Accreditation.	Complete An update report to be presented to the March 2017 Audit Committee.	N/A
(ii)	A copy of the Council's staff engagement survey and results to be provided to the Independent Member, Mrs Nesbitt.	Complete Arrangements have been made to provide the results of the staff engagement survey to the Independent Member.	N/A

Item Number	Action	Progress update	Anticipated Completion Date
3.6 REPORTS TO THOSE CHARGED WITH GOVERNANCE AND ANNUAL AUDIT LETTERS			
(i)	The Director of Organisation Development to clarify a query raised by Councillor Maguire in relation to represented absenteeism figures.	Complete The query raised by Councillor Maguire has been addressed.	N/A
3.7 INTERNAL AUDIT UPDATE REPORT			
(i)	Officers to consider the inclusion of an audit of 'Safeguarding', to include a review of the area of coaches, within the 2017/18 Audit Plan.	Complete An audit of 'Safeguarding' has been included in the 2017/18 Audit Plan.	N/A
(ii)	The Director of Organisation Development to confirm with Councillor Maguire whether agency staff use the TMS system.	Complete The query raised by Councillor Maguire has been addressed.	N/A
June 2016			
(iii)	Officers to consider measures in relation to the recovery of outstanding debt.	Complete Report to be presented to the March 2017 Audit Committee.	N/A
3.3 INTERNAL AUDIT ANNUAL REPORT			
(i)	Officers to consider the inclusion of an audit of 'Policies and Processes' within the Audit Plan.	Complete An audit of 'Policies and Procedures' has been included in the 2017/18 Audit Plan.	N/A
3.8 INTERNAL AUDIT STRATEGY 2016-19 AND OPERATIONAL PLAN 2016/17			
(i)	The budget for providing advice and guidance in the 2017/18 Plan onwards be increased.	Complete The budget for providing 'advice and guidance' during 2017/18 has been reassessed.	N/A

Proposed by Councillor Hamill
 Seconded by Councillor Beatty and agreed that

the previous actions update be noted and a copy of the Council's staff engagement survey and results to be provided to all Members of the Committee.

ACTION BY: Andrea McCooke, Director of Organisation Development

3.3 FI/AUD/11 REPORT ON ACCOUNTS RECEIVABLE

A progress report on the recovery of outstanding debt was presented to the Audit Committee on 13 December 2016. The Committee requested that a further more detailed update be prepared for the March 2017 meeting.

The circulated report presented an update to Members on the accounts receivable activity in the period 1 April 2016 to 27 February 2017.

The Head of Finance provided updated figures for certain sections of the report and responded to comments and questions from Members.

Proposed by Councillor Maguire

Seconded by Councillor Hamill and agreed that

the report be noted.

NO ACTION

The Head of Finance informed members that a further report on debt recovery would be submitted to the next Policy and Governance Committee meeting.

ACTION BY: John Balmer, Head of Finance

3.4 FI/AUD/1 INTERNAL AUDIT UPDATE REPORT

A report containing a summary of Internal Audit activity for Antrim and Newtownabbey Borough Council, since the Audit Committee last met on 13 December 2016, was circulated. The report included the objectives and conclusions reached for each completed assignment and management comments as applicable.

Cara McCrory (PwC) provided a verbal overview of the report and responded to Members questions and comments.

Proposed by Councillor Beatty

Seconded by Councillor Maguire and agreed that

the Internal Audit Update Report be noted and officers be congratulated on the detail contained in the report.

The wording on page 65 of the report be amended to reflect the discussion by members regarding the percentage targets of the Key Performance Indicators.

ACTION BY: Paul Caulcutt, Internal Auditor

3.5 FI/AUD/29 UPDATE REPORT FOLLOWING THE INTERNAL AUDIT REVIEW OF ACCOUNTS PAYABLE

An Internal Audit report on 'Accounts Payable' was issued in December 2016. The purpose of the circulated report was to provide an update to Members on prompt payment performance, the actions specifically taken with regard to the weaknesses from the internal audit exercise and to highlight other developments within the accounts payable section.

Proposed by Councillor Beatty
Seconded by Councillor Hamill and agreed that

the report be noted.

The Director of Finance and Governance gave assurance to Members that all actions had been completed.

NO ACTION

3.6 CE/GEN/40 CORPORATE IMPROVEMENT PROJECTS – PROGRESS REPORT

Members were reminded that Part 12 of the Local Government Act (Northern Ireland) 2014 put in place a new framework to support the continuous improvement of Council services. The Council's Corporate Improvement Plan 2016/17 was approved in June 2016 and eight project teams were established to ensure that the delivery of the agreed outcomes are achieved.

A progress report was circulated for Members' attention. A final fourth quarter performance report will be presented to the Policy and Governance and Audit Committee in June 2017.

Proposed by Councillor Hamill
Seconded by Councillor Beatty and agreed that

the Corporate Improvement Plan progress report be noted.

NO ACTION

3.7 FI/AUD/27 NATIONAL FRAUD INITIATIVE 2016

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 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 2016 being provided to the Antrim and Newtownabbey Borough Council in January 2017.

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 had assessed the population of matches and identified the sample for which detailed testing would 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 Maguire and agreed that

the National Fraud Initiative 2016 Report be noted.

NO ACTION

3.8 FI/AUD/2 ANNUAL THEFT AND FRAUD REPORT

The Council received the Department of Finance's Annual Theft and Fraud Report 2015/16 (a copy of which was circulated), which set out all 'actual', 'suspected' and 'attempted but prevented' frauds involving public money reported by Departments.

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

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

The purpose of the report is to identify trends in the cases reported and to highlight to bodies how such cases have been perpetrated and, more importantly, highlight controls that should be considered to help prevent and detect such cases in the future.

Proposed by Councillor Beatty
Seconded by Councillor Maguire and agreed that

the Annual Theft and Fraud Report be noted.

NO ACTION

3.9 FG/AUD/3 RISK MANAGEMENT: RISK REPORTING AND COMMUNICATION

The following parameters are 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 21 risks) and the associated Risk Scores.

The current profile confirmed there were no closed risks, or any changes to the previous risk level.

Two new risks had been added to the Corporate Risk Register. A new risk on Council Policies and Procedures had been created, and the Crematorium and Burial Provision risk had been escalated from the Service Risk Register.

Existing Profile of the Council's Corporate Risk Register (As of 15/03/17)

Risk Number	Title	Total Risk Score		Changes
		Inherent	Residual	In risk level
Corporate Risk Register 05/07/16				
CPR000010	Budgetary Control	44	14	None
CPR000044	ICT Infrastructure	36	14	None
CPR000045	Adequate Reserves	36	6	None
CPR000046	Statutory and Regulatory Obligations	24	8	None
CPR000047	Procurement	40	12	None
CPR000014	Risk Management	36	24	None
CPR000015	Health, Safety and Wellbeing	52	21	None
CPR000016	Emergency Planning and Business Continuity	33	16	None
CPR000017	Governance Arrangements	64	24	None
CPR000018	Information Governance	48	24	None
CPR000019	Legal Issues	40	18	None
CPR000020	Skills and Knowledge	44	28	None
CPR000021	Safeguarding	36	18	None
CPR000022	Sickness Absence	44	21	None
CPR000023	Employee Relations	56	27	None
CPR000024	Employee Engagement	36	27	None
CPR000025	Council Reputation	44	21	None

Risk Number	Title	Total Risk Score		Changes
		Inherent	Residual	In risk level
CPR000026	Customer Satisfaction	36	28	None
CPR000203	Landfill and Waste Framework Directives	48	24	None
CPR000361	Council Policies and Procedures	28	21	New
CPR000246	Crematorium and Burial Provision	30	30	New

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

Work had commenced to complete a review of Fraud risks within each Service area. In line with the NIAO Good Practice Guide: Managing Fraud Risk in a Changing Environment, a number of potential fraud risk areas had been identified and associated risk register templates had been prepared. The March quarterly review process was allowing for the consideration and completion of the templates in conjunction with each Head of Service. A Fraud Risk profile, which aligned with Council's existing risk management procedures, will be produced and reported to Committee upon completion.

Proposed by Councillor Hamill

Seconded by Councillor Maguire and agreed that

the current Profile reported in accordance with the agreed reporting protocol be noted.

NO ACTION

3.10 FI/AUD/2 REVIEW OF THE EFFECTIVENESS OF THE AUDIT COMMITTEE

CIPFA's Audit Committee – Practical Guidance for Local Authorities and Police (a copy of which was circulated) 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.

As part of the annual reporting process, this review of the effectiveness of the Audit Committee was due.

To assist the Audit Committee in completing this review, it was proposed that Members attend a half day training session, provided by an external trainer.

This training would cover the basics of an effective Committee, the relationships of the Committee with the Council, senior managers and Internal and External Audit.

The training would also cover the roles and responsibilities of the Audit Committee and how to undertake a review of the effectiveness of the Committee.

This half day course would be delivered at Council offices at a cost of £750 plus VAT.

Following discussion regarding a training course that had been organised for all Members the Director of Finance and Governance clarified that the course that was to be organised for the Audit Committee was a separate issue.

Proposed by Councillor Maguire
Seconded by Councillor Beatty and agreed that

the Director of Finance and Governance seeks clarification and further information on self-assessment and reports back to Members.

ACTION BY: Colette Archer, Director of Finance and Governance

Councillor Rea left the meeting at this point

COUNCILLOR T GIRVAN IN THE CHAIR

3.11 FI/AUD/1 INTERNAL AUDIT STRATEGY 2017-2020 AND AUDIT PLAN 2017/18

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

Due to the finite internal audit resources available, it was 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 2017-20, which also incorporates the Audit Plan 2017/18 (a copy of which was circulated).

Its purpose is to provide the Audit Committee and management with an understanding of Internal Audit's approach to developing the three year Strategy as well as setting out the proposed Audit Plan for 2017/18.

Proposed by Councillor Hamill
Seconded by Councillor Beatty and agreed that

the Committee approves the Internal Audit Strategy 2017-20 and Audit Plan 2017/18 with the following amendments:

- a) **the Council ensures that independent contractors have had the appropriate checks carried out on staff**
- b) **consideration be given to the Consultancy Service being increased from 10 days**
- c) **consistency of the information on the Risk Register be checked**
- d) **consideration be given to adding Leisure Centres, particularly from a cash handling point of view to the Plan**

ACTION BY: Paul Caulcutt, Internal Auditor

3.12 G/RM/1 GOVERNANCE AWARD UPDATE

The Governance Team have made initial inquiries to identify possible options regarding external accreditation of the Council's Governance arrangements. This had included initial discussions with the Head of CIPFA in NI who had introduced and outlined the requirements associated with their "Governance Mark of Excellence".

This is an independent and professionally awarded standard that accredits public sector organisations that put good governance at the heart of their organisation. It draws on the IFAC/CIPFA International Framework as the basis against which organisations are assessed. It goes beyond having the right systems and processes in place – crucially it includes the softer aspects of governance such as understanding roles, ensuring effective relationships and analysing behaviours and leadership styles.

Officers had also engaged with the consultancy firm, On Board Training, who had previously accredited Antrim Borough Council with a foundation level accreditation, they provide a Recognising Governance Excellence award; however this option had been discounted by the Council as this award did not clearly align with the Council's current Code of Governance. The Council's current Code of Practice follows the Delivering Good Governance in Local Government: Framework (April 2016) developed by the CIPFA/SOLACE Joint Working Group on Good Governance in Local Government which builds on the International Framework: Good Governance in the Public Sector (CIPFA/IFAC 2014).

Details are therefore given below of the CIPFA accreditation process.

CIPFA Assessment Process:

Stage 1. Foundation: Validated self-assessment of the governance basics. A self-assessment checklist identifies the evidence that supports the basic application of governance in the Council. Once complete, an assessor will spend time on site (typically 1-2 days) to validate the evidence and to

compile an assurance report. This should be a straightforward process that will also help to inform the advanced assessment and consideration of the Mark of Excellence, if the Council wished to proceed to that level of assessment.

The fee for the foundation stage preparation, validation fieldwork, analysis and outcome report is £2,375 + VAT.

The Stage 1 Foundation level assessment puts the Council on the starting grid for a much deeper and broader assessment that could lead to governance 'excellence'. In itself, it is at a level of having the governance basics in place. The Foundation level is designed as a safeguard for public bodies (and CIPFA) against starting a full review which then may be compromised because the basics are not there.

Stage 2. Mark of Excellence: Advanced and in-depth assessment, involving a detailed assessment (over a period of weeks) of how our arrangements work in practice across the whole Council. This will result in a detailed report of governance strengths and areas for development with an action plan to get to excellence, if not initially attained. CIPFA will gather information in a variety of ways:

1. Reviewing our documentation.
2. Obtaining information from our website.
3. Conducting interviews and meetings.
4. Issuing a survey for staff.

Cost is estimated to be around £7,000.

In addition, CIPFA can offer a longer-term partnership of working together to achieve the 'excellence' level with added CIPFA advice and support as well as sharing lessons with, and seeking improvements to, the wider local government and public sector. Cost is estimated to be an additional £5,000 to the advanced assessment.

Way Forward

A provisional analysis of current governance arrangements within Council indicated anticipated compliance with Foundation level requirements, and as such suggested a lack of value in pursuing its attainment alone.

Prior to any further engagement with CIPFA, an in-house gap analysis had been initiated with the purpose of identifying areas of potential improvement at this stage.

Proposed by Councillor Beatty
Seconded by G Nesbitt and agreed that

the progress associated with identifying a suitable option for Council be noted.

NO ACTION

PROPOSAL TO PROCEED 'IN CONFIDENCE'

Proposed by G Nesbitt
Seconded by Councillor Maguire and agreed that

any remaining Committee business be taken in Confidence

The Chairman advised that audio-recording would cease at this point.

ITEMS IN CONFIDENCE

3.13 FRAUD, WHISTLEBLOWING AND OTHER INVESTIGATIONS

A report containing a progress update on fraud, whistleblowing and other investigations, since the Audit Committee last met on 13 December 2016, was circulated. The report included details of new, completed and ongoing investigations.

The Director of Finance and Governance noted that monies that had been received into Council's bank account that could not be returned, would be donated to the Mayor's Charity.

Proposed by Councillor Hamill
Seconded by Councillor Beatty and agreed that

the Fraud, Whistleblowing and Other Investigations update be noted.

NO ACTION

PROPOSAL TO PROCEED OUT OF 'IN CONFIDENCE'

Proposed by Councillor Hamill
Seconded by Councillor Beatty and agreed that

any remaining Committee business be taken in Open Session.

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

There being no further business the meeting ended at 8.55pm.

MAYOR

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