

**MINUTES OF THE PROCEEDINGS OF THE MEETING OF THE AUDIT COMMITTEE HELD IN
ANTRIM CIVIC CENTRE ON TUESDAY 20 JUNE 2017 AT 6.30 PM**

- In the Chair** : Councillor W Webb
- Committee** : Councillors - T Beatty, M Maguire and M Rea
- Independent Member** : Mrs Grace Nesbitt
- Officers Present** : Chief Executive – J Dixon
Director of Finance and Governance - C Archer
Head of Finance - J Balmer
Internal Auditor - P Caulcutt
ICT Systems Support - J Higginson
Member Services Officer – V Lisk
- In attendance** : Neil Gray (NI Audit Office)
Michelle Maginnis (Grant Thornton)
Cara McCrory (PwC)

CHAIRPERSON'S REMARKS

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

1. APOLOGIES

Councillor T Girvan and Councillor D Hollis.

2. DECLARATIONS OF INTEREST

None.

3. REPORT ON BUSINESS TO BE CONSIDERED

3.1 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 provided a progress update on the actions raised.

Item	Action	Progress update	Anticipated Completion Date
March 2017			
3.2 PREVIOUS ACTIONS			
(i)	A copy of the Council's staff engagement survey and results to be provided to all Members of the Committee.	Complete The Director of Organisation Development provided Members of the Audit Committee with the Council's staff engagement survey results.	N/A
3.4 INTERNAL AUDIT UPDATE REPORT			
(i)	The wording to be amended to reflect the discussion by Members regarding the percentage targets of the Key Performance Indicators.	Complete The KPI has been amended in the 2017/18 Internal Audit Strategy to provide clarity. The KPI is now "Percentage of Terms of Reference agreed prior to the audit commencement", with a target of 100% being set.	N/A
3.10 REVIEW OF THE EFFECTIVENESS OF THE AUDIT COMMITTEE			
(i)	The Director of Finance and Governance to provide clarification and further information on self-assessment and report back to Members.	Complete The Director of Finance and Governance provided Members with a proposal for undertaking the review of the effectiveness of the Audit Committee.	N/A
3.11 INTERNAL AUDIT STRATEGY 2017-2020 AND AUDIT PLAN 2017/18			
(i)	The Council ensures that independent contractors have had the appropriate checks carried out on staff.	Complete The scope of the 2017/18 Safeguarding audit has been amended to reflect the inclusion of providing assurance that appropriate checks are undertaken for casual workers / agency staff / contractors.	N/A

Item	Action	Progress update	Anticipated Completion Date
(ii)	Consideration be given to the Consultancy Service being increased from 10 days.	Complete The budget for Advice, Guidance and Training (consultancy services) has been increased from 10 days to 15 days within the 2017/18 Plan. Other consultancy services provided throughout the year will be allocated to their specific audit areas within the Plan.	N/A
(iii)	Consistency of the information on the Risk Register be checked.	Complete The Planning Risk Register was reviewed and it was identified that the 'Breakdown in Employee Relations' risk had been omitted. This has now been resolved and included within the Planning Risk Register.	N/A
(iv)	Consideration be given to adding Leisure Centres, particularly from a cash handling point of view to the Plan.	Complete The audit of Cash Handling at the Leisure Centres has been added to the 2017/18 Audit Plan.	N/A

Proposed by Councillor Beatty
Seconded by Councillor Maguire and agreed that

the Committee notes the previous actions update.

NO ACTION

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

Members were reminded that Part 12 of the Local Government Act (Northern Ireland) 2014 puts 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 the delivery of the agreed outcomes were achieved.

The final fourth quarter progress report was circulated for Members' attention.

Proposed by Councillor Beatty
Seconded by Councillor Rea and agreed that

the Corporate Improvement Plan progress report be noted.

NO ACTION

3.3 CE/AO/32 IMPROVEMENT AUDIT AND ASSESSMENT: PROGRESS UPDATE

Members were reminded that Part 12 of the Local Government Act (Northern Ireland) 2014 (the Act) established that all Councils are under a general duty to make arrangements to secure continuous improvement in the exercise of their functions. The Department for Communities previously published 'Guidance for Local Government Performance Improvement 2016' which Councils and the Local Government Auditor have to follow.

The Local Government Auditor had carried out an assessment of the Council's performance for 2015-16 and the 2016-17 Improvement Plan in accordance with Section 93 of the Local Government Act (Northern Ireland) 2014 and the Code of Audit Practice for local government bodies. In addition, the Auditor had performed an improvement assessment for 2016-17 in accordance with Section 94 of the Act and the Code of Audit Practice.

The Local Government Auditor had identified a number of proposals for improvement and Officers developed a corresponding action plan to respond to these proposals which was approved by the Audit Committee in December 2016.

A progress update was circulated for Members' attention.

Proposed by Councillor Rea
Seconded by Mrs Nesbitt and agreed that

the update report be noted.

NO ACTION

3.4 CE/GEN/40 CORPORATE IMPROVEMENT PLAN 2017-18

Members were reminded that Part 12 of the Local Government Act (Northern Ireland) 2014 puts in place a new framework to support the continuous improvement of Council services, in the context of strategic objectives and issues.

Section 85 of the Act requires a Council, for each financial year, to set itself improvement objectives for improving the exercise of its functions and to have in place arrangements to achieve those objectives. These objectives must be framed so that each improvement objective so as to bring about improvement in at least one of the specified aspects of improvement as defined in Section 86:

Strategic Effectiveness; Service Quality; Service Availability; Fairness; Sustainability; Efficiency; Innovation.

A Corporate Improvement Plan (Working Draft) 2017-18 was brought for Members' consideration in February 2017 and it was agreed to conduct a twelve-week consultation exercise to encourage feedback from our stakeholders.

On 2 March 2017 officers initiated the consultation to derive feedback from Elected Members; Residents and Stakeholders; Local Businesses; Statutory and other

community planning partners; and other bodies with which collaborative working is taking place or is being planned.

An online questionnaire on the Council's corporate website/consultation hub enabled the Council to seek opinions on the range of corporate improvements as set out in the draft Plan. An article was included in the Council's magazine 'Borough Life', and was advertised on social media (Facebook and Twitter) and the Council's employee app 'iConnect'. In addition, officers emailed a copy of the Plan to all their key stakeholders for their comment and feedback.

The public consultation closed on 25 May 2017 and fourteen responses were received. A summary of the consultation responses was reported to the Council meeting in May 2017. As many of the responses reinforced the identified improvement objectives, it was agreed not to make any changes to the Corporate Improvement Plan. However, it was agreed that the comments and feedback from the consultation exercise be incorporated into the implementation plans derived out of the final Corporate Improvement Plan 2017-18 and/or associated documents. An update report would be provided to Committee in due course, on how the feedback had been actioned.

A copy of the final Corporate Improvement Plan 2017-18 was circulated for Members' consideration.

Proposed by Councillor Beatty
Seconded by Mrs Nesbitt and agreed that

the Corporate Improvement Plan 2017-18 be approved.

NO ACTION

3.5 FI/AUD/1 INTERNAL AUDIT UPDATE REPORT

Report containing a summary of Internal Audit activity for Antrim and Newtownabbey Borough Council, since the Audit Committee last met on 21 March 2017, was circulated. The report included the objectives and conclusions reached for each completed assignment and management comments as applicable.

Councillor Maguire requested that Internal Audit consider inclusion of agency contracts in Internal Audit's next audit regarding contract management. The Independent Member welcomed the balance within the report and requested that this be passed on to Officers involved.

Proposed by Councillor Beatty
Seconded by Councillor Maguire and agreed that

the Committee notes the Internal Audit Update Report and Internal Audit to consider inclusion of agency contracts in their next contract management audit.

ACTION BY: Paul Caulcutt, Internal Auditor

3.6 FI/AUD/1 INTERNAL AUDIT ANNUAL REPORT 2016/17

In accordance with the Public Sector Internal Audit Standards (PSIAS), the Internal Auditor was required to provide an annual opinion on the overall adequacy and effectiveness of the Council's system of internal control. This opinion was based upon and is limited to the work performed during the year.

An annual opinion had been provided for Antrim and Newtownabbey Borough Council in the respective Internal Auditor's Annual Report (copy of which was circulated) for the year ending 31 March 2017.

Proposed by Councillor Maguire
Seconded by Councillor Beatty and agreed that

the Committee approves the Internal Audit Annual Report 2016/17.

ACTION BY: Paul Caulcutt, Internal Auditor

3.7 FI/AUD/1 QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME

The Public Sector Internal Audit Standards (PSIAS) required Internal Audit "to develop and maintain a quality assurance and improvement programme that covered all aspects of the internal audit activity."

The results of the quality assurance and improvement programme must be communicated to the Audit Committee and the Corporate Leadership Team.

The annual review of the Quality Assurance Improvement Programme had been completed for Internal Audit and a copy was circulated for Members' consideration.

Proposed by Councillor Rea
Seconded by Councillor Beatty and agreed that

the Committee approves the results of the Quality Assurance Improvement Programme.

ACTION BY: Paul Caulcutt, Internal Auditor

3.8 FI/AUD/1 REVIEW OF THE EFFECTIVENESS OF THE SYSTEM OF INTERNAL CONTROL

The Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015, requires that "a local government body shall conduct a review at least once in each financial year of the effectiveness of its system of internal control" and that "the findings of the review... must be considered at a meeting either of the local government body as a whole or a committee of the local government body whose remit includes audit of governance functions" so that this review will inform the approval of the Annual Governance Statement.

The annual review of the Effectiveness of the System of Internal Control had been completed for Antrim and Newtownabbey Borough Council and a copy was

circulated for Members' consideration.

Councillor Maguire and Mrs Nesbitt noted that reference had not be made within the document to the Committee structure or to CLT. Director of Finance and Governance confirmed that these were discussed within the Annual Governance Statement.

Proposed by Mrs Nesbitt

Seconded by Councillor Rea and agreed that

the Committee approves the Review of the System of Internal Control subject to the following amendment: Reference is to be made to the Committee structure (as is already referenced in the Annual Governance Statement) and to CLT as part of the control framework.

ACTION BY: Liz Johnston, Head of Governance

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

Members were reminded that CIPFA's Audit Committee – Practical Guidance for Local Authorities and Police, placed 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 provided an 'Evaluating the Effectiveness of the Audit Committee' self-assessment checklist which would enable the Committee to undertake and report on the assessment of their performance throughout the year.

On 30 May 2017, 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' review. Members agreed that this had been a very worthwhile exercise.

Proposed by Councillor Beatty

Seconded by Councillor Rea and agreed that

the Committee approves the results of the self-assessment checklist, evaluating the effectiveness of the Audit Committee and that these results be reported to Council.

ACTION BY: Paul Caulcutt, Internal Auditor

3.10 FI/AUD/2 AUDIT COMMITTEE ANNUAL REPORT 2016/17

Following on from the Review of the Effectiveness of the Audit Committee and in keeping with CIPFA's requirement that the Audit Committee "Report regularly on their work, and at least annually report an assessment of their performance", an Audit Committee Annual Report (a copy of which was circulated) had been prepared outlining the Audit Committee's activities during 2016/17 and how the Committee had discharged its roles and responsibilities.

Members were asked to review and agree the report prior to it being presented to Full Council.

Proposed by Mrs Nesbitt
Seconded by Councillor Beatty and agreed that

the Committee agrees and notes the Audit Committee Annual Report and that the report be presented to Council.

ACTION BY: Paul Caulcutt, Internal Auditor

3.11 FI/AUD/1 ANNUAL GOVERNANCE STATEMENT 2016/17

Members were reminded that the Council is required to publish a Governance Statement with its annual statement of accounts. This statement was consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government,' and outlined how the Council was complying with the Framework. This statement also met the requirements of Regulation 4(2) of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 in relation to the review of the system of internal control.

The Annual Governance Statement 2016/17 had been completed for Antrim and Newtownabbey Borough Council and a copy was circulated for Members' review.

Proposed by Councillor Maguire
Seconded by Mrs Nesbitt and agreed that

the Committee notes the Annual Governance Statement 2016/17.

Prepared by: Liz Johnston, Head of Governance

Agreed by: Colette Archer, Director of Finance and Governance

3.12 FI/FIN/SOA/03 STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

The draft Statement of Accounts was circulated for the year ended 31 March 2017 for Members' consideration.

The Local Government Accounts and Audit Regulations (Northern Ireland) 2015 regulated that the Statements of Accounts be formally considered and approved no later than 30 September following the end of the financial year to which the accounts related.

Independent audit of the Statement of Accounts would now proceed and an audited final Statement of Accounts would be brought back to the Audit Committee in September 2017.

Proposed by Councillor Beatty
Seconded by Mrs Nesbitt and agreed that

- (a) the Committee notes the draft Statement of Accounts; and
- (b) the draft Statement of Accounts be signed and dated by the Chief Executive.

ACTION BY: John Balmer, Head of Finance

**3.13 FI/FIN/SOA/03 NIAO: ANTRIM AND NEWTOWNABBEY BOROUGH COUNCIL:
AUDIT OF 2016/17 STATEMENT OF ACCOUNTS - AUDIT
STRATEGY**

The External Audit Strategy for the audit of the 2016/17 Statement of Accounts had been received (a copy of which was circulated) which provided a clear understanding of how the NIAO plan to carry out the audit of the 2016/17 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 Mrs Nesbitt
Seconded by Councillor Rea and agreed that

the Committee notes the NIAO's 2016-17 External Audit Strategy.

NO ACTION

**3.14 CE/OA/25 NIAO: IMPROVEMENT AUDIT AND ASSESSMENT OF
COUNCILS IN 2017/18: AN OVERVIEW OF THE AUDIT
FRAMEWORK AND APPROACH**

The Local Government Auditor had provided the Council with an updated overview of the audit framework and approach for the 2017/18 improvement audit and assessment work to be undertaken this year.

In addition to this, the Local Government Auditor had provided an example audit work programme that, together with the framework, would provide a useful insight into the audit process and assist in the preparation for this audit.

Both the audit framework and the audit work programme were circulated for Members' information.

Proposed by Councillor Maguire
Seconded by Councillor Beatty and agreed that

the Committee notes the NIAO's Improvement Audit and Assessment of Council in 2017/18.

NO ACTION

3.15 FI/AUD/1 PUBLIC SECTOR INTERNAL AUDIT STANDARDS

In April 2017, the Council received correspondence (DAO (DoF) 02/17, copy of which was circulated) from the Department of Finance, advising of a revision to the Public Sector Internal Audit Standards (PSIAS) which came into effect on 1 April 2017.

The key changes to the PSIAS included two new standards which had been added:

- **Standard 1112 Chief Audit Executive Roles Beyond Internal Auditing**

Where the Chief Audit Executive has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards must be in place to limit impairments to independence or objectivity.

- **Standard 1130.A3 Potential Impairment to Objectivity after Previously Undertaking Consulting Activity.**

The internal audit activity may provide assurance services where it had previously performed consulting services, provided the nature of the consulting did not impair objectivity and provided individual objectivity is managed when assigning resources to the engagement.

No other significant amendments/additions were made.

A copy of the revised Public Sector Internal Audit Standards was also circulated for Members' review.

Proposed by Councillor Maguire
Seconded by Councillor Beatty and agreed that

the Committee notes the update to the Public Sector Internal Audit Standards.

NO ACTION

3.16 FI/AUD/1 INTERNAL AUDIT CHARTER

Members previously approved the Internal Audit Charter in March 2017 when they approved the Internal Audit Strategy 2017-20 and Audit Plan 2017/18.

However, the Internal Audit Charter had since been amended to take account of the revised Public Sector Internal Audit Standards (PSIAS) discussed previously, as well as to reflect Internal Audit's responsibility in assisting management in the development and review of risk registers.

The amendments to the Internal Audit Charter were as follows. A copy of the full Internal Audit Charter was circulated for Members' information.

(i) ORGANISATIONAL INDEPENDENCE

The new Standard (1130.A3) allows internal audit to provide assurance services where it had previously performed consulting services, provided the nature of the consulting did not impair objectivity and provided individual objectivity is managed when assigning resources to the engagement.

A paragraph within the Organisational Independence section had been amended to reflect this. This paragraph now reads:

“Audit advice and recommendations, including where Internal Audit has been consulted about significant changes to the internal control systems, are given without prejudice to the right of Internal Audit to review and make further recommendations on the relevant policies, procedures, controls and operations at a later date, subject to considering any impairment of objectivity through the assignment of resources.”

(ii) RISK MANAGEMENT AND BRIBERY

Following on from the new Standard above, and to reflect Internal Audit's role in Risk Management and Bribery, the Risk Management & Bribery section has been amended as follows:

“The Internal Audit Service will assist management in the development and review of sectional, departmental and the corporate risk registers through the facilitation of workshops and provision of emerging good practice. The Internal Audit Service will also assist with the Anti-Bribery activities throughout the Council such as reviewing policies and supporting management in considering bribery risk assessments. The Internal Audit service will provide advice and guidance in these areas but all risks and actions are owned by management.”

Proposed by Mrs Nesbitt

Seconded by Councillor Rea and agreed that

the Committee approves the Internal Audit Charter

ACTION BY: Paul Caulcutt, Internal Auditor

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

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

The current profile confirmed there are no closed risks, and one change to the previous risk level for the Employee Relations risk.

The residual score of this risk increased by 9 (from 27 to 36) as a result of an increase in residual likelihood from 3 to 4.

[Existing Profile of the Council's Corporate Risk Register \(As of 12/06/17\)](#)

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	36	+9
CPR000024	Employee Engagement	36	27	None
CPR000025	Council Reputation	44	21	None
CPR000026	Customer Satisfaction	36	28	None
CPR000203	Landfill and Waste Framework Directives	48	24	None
CPR000361	Council Policies and Procedures	28	21	None
CPR000246	Crematorium and Burial Provision	30	30	None

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

The March quarterly review process allowed for the completion of Fraud risk templates in conjunction with each Head of Service. A Fraud Risk profile, which aligns with council's existing risk management procedures, has now been produced.

Proposed by Councillor Beatty
 Seconded by Councillor Maguire and agreed that

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

NO ACTION

PROPOSAL TO PROCEED 'IN CONFIDENCE'

Proposed by Councillor Maguire
Seconded by Councillor Beatty and agreed that

any remaining Committee business be taken in Confidence

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

J Balmer left at this point of the meeting.

3.18 IN CONFIDENCE FRAUD, WHISTLEBLOWING AND OTHER INVESTIGATIONS

A report containing a progress update on fraud, whistleblowing and other investigations, since the Audit Committee last met on 21 March 2017, was circulated. The report included details of new, completed and ongoing investigations.

Councillor Maguire requested that, in their reporting, Internal Audit provide a breakdown of the time spent and cost on investigations.

Proposed by Councillor Maguire
Seconded by Mrs Nesbitt and agreed that

the Committee notes the Fraud, Whistleblowing and Other Investigations update and Internal Audit to provide a breakdown of time spent on investigations.

ACTION BY: Paul Caulcutt

PROPOSAL TO PROCEED OUT OF 'IN CONFIDENCE'

Proposed by Councillor Beatty
Seconded by Councillor Maguire and agreed that

any remaining Committee business be taken in Open Session.

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

There being no further business the meeting ended at 7.55pm.

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