



**MINUTES OF THE PROCEEDINGS OF THE MEETING OF THE AUDIT COMMITTEE HELD IN
ANTRIM CIVIC CENTRE ON TUESDAY 19 SEPTEMBER 2017 AT 6.30 PM**

- In the Chair** : Councillor T Girvan
- Committee** : Councillors – D Hollis, M Magill, M Maguire, M Rea, B Webb
- 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
Senior Administrative Officer – S McAree
- In attendance** : Neil Gray (NI Audit Office)
Cara McCrory (PwC)
Louise Kelly (Grant Thornton)

CHAIRPERSON'S REMARKS

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

1. APOLOGIES

Grace Nesbitt

2. DECLARATIONS OF INTEREST

Item 3.9 – Paul Caulcutt and Cara McCrory

3.1 FI/FIN/SOA/03 ANNUAL GOVERNANCE STATEMENT 2016/17

Members were reminded that a copy of the draft (unaudited) Statement of Accounts for the year ended 31 March 2017, including the Annual Governance Statement was presented to them at the June Audit Committee.

A number of minor amendments have been made to the Annual Governance Statement at the suggestion of the Local Government Auditor.

A copy of the updated Annual Governance Statement 2016/17 was circulated.

Regulation 4(4) of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 also requires that "...a local government body as a whole or committee must approve an annual governance statement prepared in accordance with proper practices on internal control."

The Director of Finance and Governance informed Members that due to the recent re-evaluation of the rates paid by Belfast International Airport the version of the financial statements circulated to Members with this meeting agenda had now been revised

An updated version was tabled for Members consideration.

Proposed by Councillor Hollis

Seconded by Councillor Magill and agreed that

- (a) the Committee approves the Annual Governance Statement 2016/17**
- (b) the Annual Governance Statement 2016/17 be signed and dated by the Chair of the Audit Committee.**

ACTION BY: Ann Hamilton, Financial Controller

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

Members were reminded that a copy of the draft (unaudited) Statement of Accounts for the year ended 31 March 2017, was presented to them at the June Audit Committee and that the Committee would be required to approve the audited Statement of Accounts at the September Committee.

The Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 requires that:

"8 (3)... a local government body must, no later than 30th September following the end of the financial year to which the statement relates:

- (a) Consider either by way of a committee of that body or by the members of the body as a whole the statement of accounts;
- (b) Following that consideration, approve the statement of accounts for submission to the local government auditor by a resolution of that committee or meeting;
- (c) Following approval, ensure that the statement of accounts is signed and dated by the person presiding at the committee or meeting at which the approval was given..."

and

"(4) The chief financial officer must re-certify the presentation of the statement of accounts... before the relevant local government body approves it."

Members are reminded that the Council delegated authority in April 2015, to the Audit Committee to approve the Statement of Accounts.

Updated Statements of Accounts for Antrim and Newtownabbey Borough Council for the year ended 31 March 2017 were circulated.

The Director of Finance and Governance highlighted the amendments that had been made to the financial statements due to the recent downwards re-valuation from Land and Property Services in respect of a sizeable ratepayer within the Borough. This notification, received in September 2017, was outside the control of the Council and adversely impacted the rates income, as detailed in the financial statements, by £959,000, with further contingent liabilities disclosed. The Director of Finance and Governance also highlighted that a consequence of this was that the auditors would need to perform further procedures with respect to the adjustments made as a result of this adjusting post balance sheet event. But for this late adjustment, the Director of Finance and Governance reported that the audit had been substantially completed with no significant matters identified, as confirmed by the auditor's [draft] Report To Those Charged With Governance. The Director of Finance and Governance noted that it was not anticipated that the additional audit procedures would identify any significant issues which would prevent the Statement of Accounts being re-certified. This position was confirmed as reasonable by the Northern Ireland Audit Office.

The Chief Financial Officer is required to re-certify the Statement of Accounts prior to Audit Committee approval.

Proposed by Councillor Webb
Seconded by Councillor Rea and agreed

that

(a) the Committee approves the Statement of Accounts for the year ended 31 March 2017

(b) the Statement of Accounts be signed and dated by the Chair of the Audit Committee.

The Chief Executive, in response to a question from Councillor Rea, informed Members that at a recent meeting with Land and Property Services it was requested that the Council would be allowed to defer the refund of rates income over a five year period.

ACTION BY: Ann Hamilton, Financial Controller

3.3 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 will be provided.

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

Item	Action	Progress update	Anticipated Completion Date
June 2017			
3.5 INTERNAL AUDIT UPDATE REPORT			
(i)	Internal Audit to consider inclusion of agency contracts in their next contract management audit.	To be completed Agency Staff contracts will be included in the Contract Management audit. This audit is due for completion during quarter 4 of 2017/18.	31 March 2018
3.8 REVIEW OF THE EFFECTIVENESS OF THE SYSTEM OF INTERNAL CONTROL			
(i)	Reference 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.	Complete The Review of the Effectiveness of the System of Internal Control has been amended to include reference to the Committee Structure.	N/A
3.9 REVIEW OF THE EFFECTIVENESS OF THE AUDIT COMMITTEE			
(i)	The results of the self-assessment checklist, evaluating the effectiveness of the Audit Committee be reported to Council.	Complete The results of the self-assessment checklist were reported to Council in June 2017.	N/A
3.10 AUDIT COMMITTEE ANNUAL REPORT			

Item	Action	Progress update	Anticipated Completion Date
(i)	The Audit Committee Annual Report be presented to Council.	Complete The Audit Committee Annual Report was reported to Council in June 2017.	N/A
3.18 FRAUD, WHISTELBLOWING AND OTHER INVESTIGATIONS			
(i)	Internal Audit to provide a breakdown of time spent on investigations.	Complete A breakdown of Internal Audit time spent on investigations has been provided within the Fraud, Whistleblowing and Other Investigations Report.	N/A

Proposed by Councillor Webb
 Seconded by Councillor Rea and agreed that

the Committee notes the previous actions update.

NO ACTION

3.4 CE/GEN/40 CORPORATE IMPROVEMENT PLAN 2016/17

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

The Northern Ireland Audit Office Assessment Report (November 2016) specified that the role of the Audit Committee is to provide assurance that the Council's arrangements to support continuous improvement are operating effectively.

The development of an annual Performance Report is a requirement of Section 92 of the Act) which requires Councils to publish information on its performance by 30 September each year.

Members were advised that a working draft of the Corporate Improvement Performance Report for 2016/17 has been prepared and was circulated for Members' attention. A final draft is to be presented to the Council meeting on 25 September 2017.

The report provides an overview on how we performed against:

- Our eight Corporate Improvement Objectives, as set out in the 2016/17 Corporate Improvement Plan which was approved by Council in June 2016;
- 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;
- Our self-imposed indicators and standards.

Proposed by Councillor Magill
 Seconded by Councillor Rea and agreed

that the Corporate Improvement Plan progress report be noted.

NO ACTION

3.5 FI/FIN/SOA/03 REPORT TO THOSE CHARGED WITH GOVERNANCE

Members were reminded that a copy of the draft (unaudited) Statement of Accounts for the year ended 31 March 2017 was presented to them at the June Audit Committee.

Members were also advised that they are required to approve the audited Statement of Accounts at this Audit Committee.

The Local Government Auditor had substantially completed the audit of the Statement of Accounts and had issued the draft Report to Those Charged with Governance (copy of which was circulated).

The auditor confirmed that as a consequence of the recent changes to the Statement of Accounts which were due to the adjusting post balance sheet event caused by the refund due to a ratepayer, as notified by Land and Property Services, further audit procedures would need to be undertaken before the audit could be concluded.

A copy of the final Report to Those Charged with Governance will be presented at the next Committee meeting in December 2017.

Representatives of the NIAO were in attendance to answer Members questions.

Proposed by Councillor Hollis
 Seconded by Councillor Webb and agreed

that the draft report to those charged with Governance is noted.

NO ACTION

3.6 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 21 June 2017, was circulated. The report includes the objectives and conclusions reached for each completed assignment and management comments as applicable.

Proposed by Councillor Maguire
Seconded by Councillor Magill and agreed

that the Internal Audit Update report be noted.

NO ACTION

3.7 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 21 risks) and the associated Risk Scores.

The current profile confirms there are no new or closed risks, and no change to the previous risk level. The Industrial Relations risk level remains unaltered (elevated risk reported last quarter).

Existing Profile of the Council's Corporate Risk Register (As of 06/09/17)

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

Risk Number	Title	Total Risk Score		Changes
		Inherent	Residual	In risk level
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	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	24	None
CPR000361	Council Policies and Procedures	28	21	None
CPR000246	Crematorium and Burial Provision	30	30	None

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

The Director of Finance and Governance noted that as a consequence of the refund due to a ratepayer within the Borough, as advised by Land and Property Services, the budgetary control risk (whose risk assessment as detailed above was as at 6 September), would need to be updated.

Proposed by Councillor Maguire
Seconded by Councillor Webb and agreed

that the current Profile reported in accordance with the agreed reporting protocol be noted and following recent events the budgetary control risk be re-evaluated.

Action by: Colette Archer, Director of Finance and Governance

PROPOSAL TO PROCEED 'IN CONFIDENCE'

Proposed by Councillor Hollis
Seconded by Councillor Maguire and agreed that

any remaining Committee business be taken in Confidence.

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

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

Proposed by Councillor Maguire
Seconded by Councillor Hollis and agreed
that the report be noted.

Paul Caulcutt and Cara McCrory having previously declared an interest in the next item left the meeting at this point.

3.9 IN CONFIDENCE FI/PRO/TEN/2 INTERNAL AUDIT SERVICE ARRANGEMENTS: JANUARY 2018 TO DECEMBER 2019

Members were advised that a report (copy of which was circulated) on the Internal Audit Service Arrangements: January 2018 to December 2019 was presented to the September Policy and Governance Committee.

Though the recommendations within the report were approved by Policy and Governance Committee (subject to Council ratification), this report was provided to Members of the Audit Committee for information.

Councillor Maguire stated that he believed the review of the internal audit function should fall under the remit of the Audit Committee. The Chief Executive informed members that it was a matter for the Council to decide and that the rationale was that all elected Members should have a role in the allocation of resources.

The Chief Executive also informed Members that any call-off contract implemented would be subject to the approval of the Corporate Leadership Team.

Proposed by Councillor Maguire
Seconded by Councillor Hollis and agreed

that the report be noted.

NO ACTION

PROPOSAL TO PROCEED OUT OF 'IN CONFIDENCE'

Proposed by Councillor Hollis
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.

3. ANY OTHER BUSINESS

The Director of Finance and Governance responded to Councillor Rea's concerns relating to procurement. She informed Members that the current process ensured the most economically advantageous product was procured by the Council considering both price and quality

There being no further business the meeting ended at 7.20pm.

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