



Antrim and Newtownabbey BOROUGH COUNCIL

MINUTES OF THE PROCEEDINGS OF THE MEETING OF THE AUDIT COMMITTEE HELD IN ANTRIM CIVIC CENTRE ON TUESDAY 21 JUNE 2016 AT 6.30 PM

- In the Chair** : Councillor M Rea
- Committee** : Councillors - T Beatty, T Girvan, P Hamill, D Hollis and
M Maguire
- Non Committee
Members Present** : None
- Independent Member** : Mrs G Nesbitt
- Officers Present** : Chief Executive - Mrs J Dixon
Director of Organisation Development - Mrs A McCooke
Head of Governance - Mrs L Johnston
Head of Finance - Mr J Balmer
Internal Auditor - Ms C Archer
Internal Auditor - Mr P Caulcutt
Internal Audit Assistant - Ms O McMullan
ICT Systems Support - Mr J Higginson
Senior Admin Officer - Mrs S McAree
- In attendance** : NIAO Representative - Michelle McGuiness (Grant
Thornton)

CHAIRMAN'S REMARKS

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

1. APOLOGIES

NIAO - Richard Ross
NIAO - Thomas Wilkinson

2. DECLARATIONS OF INTEREST

- Item 3.10 - Councillor Rea
- Item 3.11 - Councillor Maguire and Mrs Nesbitt

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 provides a progress update on the actions raised.

Item Number	Action	Progress update	Anticipated Completion Date
December 2015			
3.2 STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016			
(ii)	Officers to ensure completion of 'Disclosures and Related Party Transactions' from Elected Members on a timely basis.	Partially complete As at 16 June 2016, 6 'Disclosures and Related Party Transactions' have not been completed by Elected Members and/or received by Finance.	30 June 2016
3.8 RISK MANAGEMENT			
(ii)	A report on a protocol for implementation alerting the Audit Committee to emerging risks be presented to the next Audit Committee.	Complete Please see <i>Item 3.12</i> .	
March 2016			
3.2 INTERNAL AUDIT UPDATE REPORT			
	The Internal Auditor to respond to Councillor Maguire with further detail associated with the Priority 1 recommendation.	Complete A response was provided to Councillor Maguire (and the Audit Committee) on 4 April 2016.	
3.4 NIAO: INITIAL NOTIFICATION OF FRAUDS TO THE LOCAL GOVERNMENT AUDITOR			
	A quarterly update report on initial notifications of Frauds to the Local Government Auditor be appended to the Internal Audit report and presented to the Audit Committee.	Complete Please see Appendix 13 of the Internal Audit Update Report.	

Item Number	Action	Progress update	Anticipated Completion Date
3.5 FRAUD RESPONSE PLAN			
	Action amendments to the Fraud Response Plan and upload to the Council's internet.	Complete Amended Fraud Response Plan uploaded to the Council's intranet on 1 April 2016.	
ANY OTHER RELEVANT BUSINESS			
	The NIAO Audit Strategy / Plan to be presented to the next Audit Committee meeting.	Complete Please see <i>Item 3.10</i> .	

Proposed by Councillor Maguire
Seconded by Councillor Beatty and agreed that

the previous actions update be noted.

NOTED: officers to notify the Audit Committee on full completion of 'Disclosures and Related Party Transactions' submissions.

ACTION BY: Paul Caulcutt, Internal Auditor

3.2 FI/AUD/1 INTERNAL AUDIT UPDATE REPORT

A Report containing a summary of Internal Audit activity for Antrim and Newtownabbey Borough Council, for the period March 2016 to June 2016 was circulated. The report included the objectives and conclusions reached for each completed assignment and management comments as applicable.

Proposed by Councillor Hamill
Seconded by Councillor Beatty and agreed that

the Internal Audit Update Report be noted.

NOTED: officers to -

- address the issue related to vehicle loading as a matter of urgency;
- provide the timeframes accorded to undertaking audits within audit reports going forward;
- consider measures in relation to the recovery of outstanding debt.

ACTION BY: Liz Johnston / Colette Archer / Paul Caulcutt / John Balmer

3.3 FI/AUD/1 INTERNAL AUDIT ANNUAL REPORT

Members were advised that 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.

It was reported that an annual opinion had been provided for Antrim and Newtownabbey Borough Council in the respective Internal Auditor's Annual Report for the year ending 31 March 2016.

Proposed by Mrs Nesbitt
Seconded by Councillor Maguire and agreed that

the Internal Audit Annual Report be approved.

NOTED: officers to consider the inclusion of an audit of convergence of policies and processes within the Audit Plan.

ACTION BY: Paul Caulcutt / Colette Archer

3.4 FI/AUD/1 QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME

It was reported that 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. Member were advised that the annual review of the Quality Assurance Improvement Programme had been completed for Internal Audit and a copy was enclosed.

Proposed by Councillor Beatty
Seconded by Mrs Nesbitt and agreed that

the results of the Quality Assurance Improvement Programme be approved.

ACTION BY: Paul Caulcutt, Internal Auditor

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

Members were advised that the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015, required that "a local government body should 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 would inform the approval of the Annual Governance Statement.

It was reported that the annual review of the Effectiveness of the System of Internal Control had been completed for Antrim and Newtownabbey Borough Council and a copy of which was circulated.

Proposed by Councillor Hollis
Seconded by Councillor Hamill and agreed that

the Review of the System of Internal Control be approved.

ACTION BY: Liz Johnston, Head of Governance

3.6 FG/AUD/1 ANNUAL GOVERNANCE STATEMENT

It was reported that the Council was 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.

Members were advised that 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.

Members were further advised that the Annual Governance Statement had been completed for Antrim and Newtownabbey Borough Council, a copy of which was circulated.

Proposed by Councillor Beatty
Seconded by Councillor Hamill and agreed that

the Annual Governance Statement be noted.

NOTED: commencement of work on accreditation towards Governance Excellence, an update to be provided at the next Audit Committee Meeting.

ACTION BY: Liz Johnston, Head of Governance

3.7 FI/FIN/SOA/01 STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

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

However, the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 changed the date for Committee approval of the Statement of Accounts from 30 June to 30 September following the year end. This meant that

formal approval of the accounts was based on audited rather than unaudited accounts.

It was reported that the Audit Committee would approve the audited Statement of Accounts at the next Committee meeting in September 2016.

A copy of the draft (unaudited) Statement of Accounts, to be signed by the Chief Financial Officer and presented for audit, was tabled.

Proposed by Councillor Beatty
Seconded by Councillor Maguire and agreed that

the draft Statement of Accounts be noted.

Proposed by Councillor Maguire
Seconded by Councillor Beatty and agreed that

the draft Statement of Accounts be signed and dated by the Chief Executive.

ACTION BY: John Balmer, Head of Finance

3.8 FG/AUD/1 INTERNAL AUDIT STRATEGY 2016-19 AND OPERATIONAL PLAN 2016/17

Members were advised that the Internal Auditor was 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 would be the work completed by the internal audit service over the year.

It was reported that 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.

Members were further advised that this risk assessment had been set out in the Internal Audit Strategy 2016-19, which also incorporated the Operational Plan 2016/17. 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 Operational Plan for 2016/17.

Proposed by Councillor Hollis
Seconded by Councillor Beatty and agreed that

the Committee considers the Strategy and Plan, makes amendments as appropriate and approves the Internal Audit Strategy 2016-19 & Operational Plan 2016/17.

NOTED: the budget for providing advice and guidance in the 2017/18 Plan onwards be reviewed.

ACTION BY: Colette Archer / Paul Caulcutt

3.9 FI/AUD/1 NIAO: LOCAL GOVERNMENT CODE OF AUDIT PRACTICE 2016

It was reported that the statutory responsibilities and powers of the delegated Local Government Auditor relating to local government bodies were set out in the Local Government (Northern Ireland) Order 2005 and the Local Government (Northern Ireland) Act 2014. In discharging the Local Government Auditor's specific statutory responsibilities and powers, auditors were required to carry out their work in accordance with a Code of Audit Practice.

The Local Government Auditor's new Code of Audit Practice was laid before the Assembly under Article 5(7) of the Local Government (Northern Ireland) Order 2005 by the Department of Environment and a copy of this Code was circulated.

Proposed by Councillor Hamill
Seconded by Mrs Nesbitt and agreed that

the Local Government Auditor's new Code of Audit Practice be noted.

NO ACTION

**3.10 FI/AUD/1 NIAO: ANTRIM AND NEWTOWNABBAY BOROUGH COUNCIL:
2015-16 EXTERNAL AUDIT STRATEGY**

Members were reminded that in the March 2016 Audit Committee it was agreed that the Northern Ireland Audit Office (NIAO) External Audit Strategy for 2015/16 would be presented to the Audit Committee.

It was reported that the Antrim and Newtownabbey 2015-16 External Audit Strategy had now been received which provided a clear understanding of how the NIAO plan to carry out the audit of the 2015/16 financial statements and the key risks identified in their planning work.

A representatives from NIAO was in attendance to present the Strategy and answer enquiries from Members.

Proposed by Councillor Hamill
Seconded by Councillor Maguire and agreed that

the Northern Ireland Audit Office 2015-16 External Audit Strategy be noted.

NO ACTION

The Supplementary report was considered at this point being felt relevant to item 3.10.

3.14 SUPPLEMENTARY REPORT - IMPROVEMENT AUDIT AND ASSESSMENT - AUDIT STRATEGY 2016-17

It was reported that correspondence had been received from the Northern Ireland Audit Office, which referred to the Audit Strategy which would ascertain whether the Council had met its statutory performance improvement responsibilities for the year.

A copy of the Audit Strategy was circulated.

Proposed by Councillor Beatty
Seconded by Councillor Hollis and agreed that

the report be noted.

NO ACTION

3.11 FI/AUD/1 PUBLIC SECTOR INTERNAL AUDIT STANDARDS

It was reported that in April 2016, the Council received correspondence from the Department of Finance and Personnel, advising of a revision to the Public Sector Internal Audit Standards (PSIAS) which came into effect on 1 April 2016.

Members were advised that the revision to the Standards included the addition of:
Mission Statement of Internal Audit

"To enhance and protect organisation value by providing risk-based and objective assurance, advice and insight."

Core Principles for the Professional Code of Internal Auditing

"The Core Principles, taken as a whole, articulate internal audit effectiveness. For an internal audit function to be considered effective, all Principles should be present and operating effectively."

Members were further advised that these Principles were:

- Demonstrates integrity
- Demonstrates competence and due professional care
- Is object and free from undue influence (independent)
- Aligns with the strategies, objectives, and risks of the organisation
- Is appropriately positioned and adequately resourced
- Demonstrates quality and continuous improvements
- Communicates effectively
- Provides risk-based assurance
- Is insightful, proactive, and future-focused
- Promotes organisational improvement

No other significant amendments/additions were made.

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

Proposed by Councillor Beatty
Seconded by Councillor Maguire and agreed that

the update to the Public Sector Internal Audit Standards be noted.

NO ACTION

3.12 FI/AUD/3 RISK MANAGEMENT: RISK REPORTING AND COMMUNICATION

Members were advised that the Audit Committee in December requested a Protocol for alerting the Committee to emerging Corporate Risk.

It was essential that Audit Committee received appropriate information from the risk management process appropriate to its role and responsibilities.

In that regard, Members and the Audit Committee should,

1. Know about the most significant **residual** risks facing the organisation and the affect the risks may have on stakeholders and performance.
2. Understand who owns the risk at Directorate level and gain assurance that appropriate decisions have been taken in respect of the risk.
3. Gain assurance that risk management processes are operating effectively.

It was reported that Members required assurance that the Risk Register continued to be routinely actively managed by CLT and Heads of Service. To ensure appropriate information was regularly reported to the Audit Committee, the undernoted Reporting Protocol had been proposed.

Proposed by Councillor Hollis
Seconded by Councillor Beatty and agreed that

the undernoted parameters be reported and presented to the Audit Committee on a quarterly basis -

- **New risks added to the Corporate Risk Register (regardless of level of risk)**
- **Changes in risk level (regardless of risk level)**
- **Profile of the existing Corporate Risks (currently 19 risks) and the associated Risk Scores**

NOTED: the above report to also contain details of closed risks.

ACTION BY: Perry Donaldson / Liz Johnston

PROPOSAL TO PROCEED 'IN CONFIDENCE'

Proposed by Councillor Maguire
Seconded by Councillor Beatty and agreed that

the following Committee business be taken 'In Confidence'.

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

IN CONFIDENCE

3.13 FRAUD, WHISTLEBLOWING AND OTHER INVESTIGATIONS

Members were updated that in the period March - June 2016 there were no new investigations, two investigations had been completed with two remaining.

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

There being no further business the Chairman thanked everyone for their attendance and the meeting concluded at 8.20pm.

MAYOR

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