



14 June 2018

Committee Chair: Councillor S McCarthy  
Committee Vice-Chair: Councillor M Rea  
Committee Members: Alderman – W DeCourcy  
Councillors – T Girvan, P Hamill, D Hollis  
Independent Member: Mrs G Nesbitt

Dear Member

**MEETING OF THE AUDIT COMMITTEE**

A meeting of the Audit Committee will be held in the **Round Tower Chamber, Antrim Civic Centre on Tuesday, 19 June 2018 at 6.30pm.**

You are requested to attend.

Yours sincerely

Jacqui Dixon, BSc MBA  
**Chief Executive, Antrim & Newtownabbey Borough Council**

**PLEASE NOTE: Fork buffet will be available in the Members' Room from 5:30pm**

**For any queries please contact Member Services:**  
Tel: 028 9034 0048 / 028 9448 1301  
[memberservices@antrimandnewtownabbey.gov.uk](mailto:memberservices@antrimandnewtownabbey.gov.uk)

## **A G E N D A**

1. Apologies.
2. Declarations of Interest.
3. Report on Business to be considered:

### **ITEMS FOR DECISION**

- 3.1 Review of the Effectiveness of the Audit Committee 2017/18
- 3.2 Audit Committee Annual Report 2017/18

### **ITEMS FOR INFORMATION**

- 3.3 Previous Actions
- 3.4 Corporate Improvement Plan 2017/18 – Quarter 4 Progress Update
- 3.5 Improvement Audit and Assessment 2017/18 - Progress Update
- 3.6 Annual Business Plan 2017/18 – Quarter 4 Progress Update
- 3.7 Corporate Improvement Plan 2018/19
- 3.8 Internal Audit Update Report
- 3.9 Internal Audit Annual Report 2017/18
- 3.10 Quality Assurance and Improvement Programme 2017/18
- 3.11 Review of the Effectiveness of the System of Internal Control 2017/18
- 3.12 Annual Governance Statement 2017/18
- 3.13 Statement of Accounts for the Year Ended 31 March 2018
- 3.14 NIAO: Antrim and Newtownabbey Borough Council: Audit of 2017/18 Statement of Accounts – Audit Strategy
- 3.15 Risk Management: Risk Reporting and Communication
- 3.16 DOA (DoF) 03/18: Audit and Risk Assurance Committee Handbook (NI) 2018
- 3.17 NAO: Good Practice Guide – Cyber Security and Information Risk Guidance for Audit Committees
- 3.18 NIPSO: Investigation of a Complaint against Antrim and Newtownabbey Borough Council

### **ITEMS IN CONFIDENCE**

- 3.19 NIPSO: Investigations
  - 3.20 Fraud, Whistleblowing and Other Investigations
4. Any Other Relevant Business.

## **ITEMS FOR DECISION**

### **3.1 FI/AUD/2 REVIEW OF THE EFFECTIVENESS OF THE AUDIT COMMITTEE 2017/18**

Members are 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 22 May 2018, 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 are **enclosed** for Members' review.

**RECOMMENDATION: 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.**

Prepared by: Paul Caulcutt, Head of Internal Audit

Approved by: Jacqui Dixon, Chief Executive

### 3.2 FI/AUD/2 AUDIT COMMITTEE ANNUAL REPORT 2017/18

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 is enclosed) has been prepared outlining the Audit Committee's activities during 2017/18 and how the Committee has discharged its roles and responsibilities.

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

**RECOMMENDATION: that the Committee agrees the Audit Committee Annual Report and that the report be presented to Council.**

Prepared by: Paul Caulcutt, Head of Internal Audit

Approved by: Jacqui Dixon, Chief Executive

## **ITEMS FOR INFORMATION**

### **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 has been provided.

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

| <b>Item</b>   | <b>Action</b>  | <b>Progress update</b>   | <b>Anticipated Completion Date</b> |
|---|--|--|------------------------------------|
| <b>March 2018</b>   |  |  |                                    |
| <b>3.3 REVIEW OF THE EFFECTIVENESS OF THE AUDIT COMMITTEE</b> |  |  |                                    |
| (i)   | A facilitated self-assessment session in May 2018 to be arranged.                          | <b>Complete</b><br>A self-assessment session was arranged and facilitated on 22 May 2018.  | N/A                                |
| <b>3.7 INTERNAL AUDIT UPDATE REPORT</b>                       |  |  |                                    |
| (i)   | Head of Internal Audit to report back to Councillor Maguire on his additional queries.     | <b>Complete</b><br>Head of Internal Audit discussed the queries with Councillor Maguire after the Audit Committee and addressed the issues raised.   | N/A                                |
| <b>3.8 RISK MANAGEMENT: RISK REPORTING AND COMMUNICATION</b>  |  |  |                                    |
| (i)   | Officers review the risk scoring attributed to the rate revaluation and rate appeals risk. | <b>Complete</b><br>Chief Executive and Head of Finance reviewed the risk scoring of the rate revaluation and rate appeals risk on 27 March 2018.<br>Head of Finance met with Councillor Maguire on 28 March 2018 to discuss the risk process and to review the scoring of the rate revaluation and rate appeals risk on 27 March 2018. | N/A                                |
| (ii)  | Future reports to contain explanations for any changes to the risk scoring.                | <b>Complete</b><br>The Risk Management: Risk Reporting and Communication report now provides Members with explanations for changes to risk scoring.  | N/A                                |

| Item        | Action   | Progress update   | Anticipated Completion Date |
|-------------|--|---|-----------------------------|
| <b>3.12</b> | <b>FRAUD, WHISTLEBLOWING AND OTHER INVESTIGATIONS</b>                                |   |                             |
| (i)         | Minor changes to be made to the wording of the report as suggested by the Committee. | <b>Complete</b><br>The suggested amendments to the report have been made. | N/A                         |

**RECOMMENDATION: that the previous actions update be noted.**

Prepared by: Paul Caulcutt, Head of Internal Audit

Approved by: Jacqui Dixon, Chief Executive

### **3.4 PT/CI/012 CORPORATE IMPROVEMENT PLAN 2017/18 – QUARTER 4 PROGRESS UPDATE**

Members are 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. The Council's Corporate Improvement Plan 2017-18 was approved in June 2017 with seven identified improvement objectives.

A fourth quarter progress report is **enclosed** for Members' attention.

**RECOMMENDATION: that the Corporate Improvement Plan 2017-18 progress report is noted.**

Prepared by: James Porter, Performance Improvement Officer

Agreed by: Helen Hall, Head of Performance and Transformation

Approved by: Jacqui Dixon, Chief Executive

### 3.5 CE/OA/032 IMPROVEMENT AUDIT AND ASSESSMENT 2017/18: PROGRESS UPDATE

Members are reminded that Part 12 of the Local Government Act (Northern Ireland) 2014 (the Act) establishes 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' in which Councils and the Local Government Auditor have to follow.

The Local Government Auditor carried out an improvement audit and improvement assessment for 2017-18 and a report was issued in November 2017.

The Local Government Auditor identified a number of proposals for improvement and Officers developed a corresponding action plan to respond to these proposals which were approved by the Audit Committee in Dec 2017.

A progress update is **enclosed** for Members' attention.

**RECOMMENDATION: that the report be noted.**

Prepared by: James Porter, Performance Improvement Officer

Approved by: Helen Hall, Head of Performance and Transformation

Agreed by: Jacqui Dixon, Chief Executive



### 3.6 CE/GEN/74 ANNUAL BUSINESS PLAN 2017/18 – QUARTER 4 PROGRESS UPDATE

Members will recall that at the meeting of Full Council on 30 May 2017, Members agreed a new approach to business planning.

The consolidated Annual Business Plan replaced the separate Service business plans that were produced in previous years. The Plan contains all key projects to be undertaken in the 2017/18 financial year and therefore includes, inter alia, the seven projects identified as Corporate Improvement projects.

In summary, the revised Annual Business Plan approach has proved a more streamlined method of tracking and analysing performance, providing enhanced visibility.

The approved Annual Business Plan 2017-18 contains 216 actions to be delivered and a detailed progress report in terms of the achievement of these actions is **enclosed** for Members' attention.

Using a traffic light scale, a high-level summary of the progress to date as at quarter four is as follows:

| <b>Actions</b>                             | <b>Number</b> |
|--|---------------|
| Fully, Substantially or Partially Achieved | 195           |
| Achievement Outside Council Control        | 10            |
| Awaiting Results/Funding Decision          | 11            |

Where results are as yet not available, these may be reported to individual Committees and/or included in the Annual Report of Performance which will be reported to Council in September 2018.

**RECOMMENDATION: that the Annual Business Plan Quarter Four update is noted.**

Prepared by: James Porter, Performance Improvement Officer

Approved by: Helen Hall, Head of Performance and Transformation

Agreed by: Jacqui Dixon, Chief Executive

### 3.7 PT/CI/013 CORPORATE IMPROVEMENT PLAN (FINAL DRAFT) 2018/19

Members are 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 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.

Guidance from the Department of the Environment, indicates that Councils should 'develop an on-going dialogue with our communities and areas that it serves, so that the setting of improvement objectives is a jointly owned process centred on a balanced assessment of the needs of the community as a whole, rather than any particular organisation or interest group within it.

A Corporate Improvement Plan (Draft for Consultation) 2018-19 was brought for Members' consideration in February 2018 and it was agreed to conduct a twelve-week consultation exercise to encourage feedback from our stakeholders.

On 1 March 2018 officers initiated a 12-week public 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 24th May 2018 and 52 responses were received. A summary of the consultation responses was reported to the Council meeting in May 2018.

The final draft of the Corporate Improvement Plan 2018-19 (a copy of which is **enclosed**) was amended to update final year-end figures, and to reflect comments made in relation to objective three about the provision of digital services. The objective has been updated to reassure residents that we will operate using a wide range of platforms and continue to provide accessible and inclusive services that meet the needs of our residents.

In addition, objective five has been amended to reflect comments in relation helping existing businesses in the Borough. The objective has been updated

to reflect further information on the business mentoring programme which supports business to grow and develop through specialist one-to-one business mentoring support. The programme aims to attract 200 businesses and create 165 jobs over the next 2.5 years.

Other comments and feedback will be incorporated into the implementation plans derived out of the final Corporate Improvement Plan 2018-19.

**RECOMMENDATION: that the report be noted.**

Prepared by: James Porter, Performance Improvement Officer

Agreed by: Helen Hall, Head of Performance and Transformation

Approved by: Jacqui Dixon, Chief Executive

### **3.8 FI/AUD/1 INTERNAL AUDIT UPDATE REPORT**

A report containing a summary of Internal Audit activity since the Audit Committee last met on 21 March 2018 is **enclosed**. The report includes the objectives and conclusions reached for each completed engagement and management comments as applicable.

**RECOMMENDATION: that the report be noted.**

Prepared by: Paul Caulcutt, Head of Internal Audit

Approved by: Jacqui Dixon, Chief Executive

### **3.9 FI/AUD/1 INTERNAL AUDIT ANNUAL REPORT 2017/18**

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

An annual opinion has been provided for Antrim and Newtownabbey Borough Council in the respective Internal Auditor's Annual Report (copy of which is **enclosed**) for the year ending 31 March 2018.

**RECOMMENDATION: that the report be noted.**

Prepared by: Paul Caulcutt, Head of Internal Audit

Approved by: Jacqui Dixon, Chief Executive

### 3.10 FI/AUD/1      **QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME 2017/18**

The Public Sector Internal Audit Standards (PSIAS) requires Internal Audit “to develop and maintain a quality assurance and improvement programme that covers 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 has been completed for Internal Audit and a copy is **enclosed** for Members consideration.

**RECOMMENDATION: that the report be noted.**

Prepared by: Paul Caulcutt, Head of Internal Audit

Approved by: Jacqui Dixon, Chief Executive

### **3.11 FI/AUD/1 REVIEW OF THE EFFECTIVENESS OF THE SYSTEM OF INTERNAL CONTROL 2017/18**

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 has been completed for Antrim and Newtownabbey Borough Council and a copy is **enclosed** for Members consideration.

**RECOMMENDATION: that the report be noted.**

Prepared by: Liz Johnston, Head of Governance

Approved by: Andrea McCooke, Director of Organisation Development

### **3.12 FI/AUD/1 ANNUAL GOVERNANCE STATEMENT 2017/18**

The Council is required to publish a Governance Statement with its annual statement of accounts. This statement is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government,' and outlines how the Council is complying with the Framework. This statement also meets 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 2017/18 has been completed for Antrim and Newtownabbey Borough Council and a copy is **enclosed** for Members review.

**RECOMMENDATION: that the report be noted.**

Prepared by: Liz Johnston, Head of Governance

Approved by: Andrea McCooke, Director of Organisation Development



The draft Statement of Accounts is enclosed for the year ended 31 March 2018 for Members' consideration.

The Local Government Accounts and Audit Regulations (Northern Ireland) 2015 regulates 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 relate.

Independent audit of the Statement of Accounts will now proceed and an audited final Statement of Accounts will be brought back to the Audit Committee in September 2018.

**RECOMMENDATION: 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.**

Prepared by: John Balmer, Head of Finance

Approved by: Jacqui Dixon, Chief Executive

**3.14 FI/FIN/SOA/04  
COUNCIL:**

**NIAO: ANTRIM AND NEWTOWNABBEY BOROUGH  
AUDIT OF 2017/18 STATEMENT OF ACCOUNTS - AUDIT  
STRATEGY**

The External Audit Strategy for the audit of the 2017/18 Statement of Accounts has now been received (a copy of which is **enclosed**) which provides a clear understanding of how the NIAO plan to carry out the audit of the 2017/18 financial statements and the key risks identified in their planning work.

Representatives of the NIAO will be in attendance to present the Strategy and answer Members questions.

**RECOMMENDATION: that the report be noted.**

Prepared by: John Balmer, Head of Finance

Approved by: Jacqui Dixon, Chief Executive

### 3.15 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 22 risks) and the associated Risk Scores.

The current profile confirms there are two new risks and no closed risks. The new risks relate to:

1. Bonfires on council owned land
2. Brexit

The Information Governance residual risk score has increased due to the commencement of the GDPR Regulations on the 25<sup>th</sup> May. The likelihood score has been increased from 3 to 4, increasing the residual risk score from 24 to 32. Whereas arrangements are in place and an action plan continues to be managed, a level of uncertainty remains in the absence of clear guidance from the ICO and the absence of case law.

The ICT residual risk continues to reflect the need to provide a new telephony system. This will be installed and operational by the end of June 2018.

#### **Existing Profile of the Council's Corporate Risk Register (As of 13/06/18)**

| Risk Number                    | Title                                      | Total Risk Score |          | Changes       |
|--------------------------------|--|------------------|----------|---------------|
|                                |  | Inherent         | Residual | In risk level |
| <b>Corporate Risk Register</b> |  |                  |          |               |
| CPR000010                      | Budgetary Control                          | 44               | 27       | None          |
| CPR000044                      | ICT Infrastructure                         | 36               | 28       | 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               | 32       | +8            |
| CPR000019                      | Legal Issues                               | 40               | 18       | None          |
| CPR000020                      | Skills and Knowledge                       | 44               | 28       | None          |

| Risk Number | Title                                   | Total Risk Score |          | Changes       |
|-------------|---|------------------|----------|---------------|
|             |   | Inherent         | Residual | In risk level |
| 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               | 24       | None          |
| CPR000361   | Council Policies and Procedures         | 28               | 21       | None          |
| CPR000246   | Crematorium and Burial Provision        | 30               | 30       | None          |
| CPR000433   | Rate revaluation and rate appeals       | 36               | 21       | None          |
| CPR000444   | Bonfires on Council owned land          | 32               | 16       | New           |
| CPR000445   | Brexit                                  | 32               | 15       | New           |

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

**RECOMMENDATION: that Committee note the current Profile reported in accordance with the agreed reporting protocol.**

Prepared by: Liz Johnston, Head of Governance

Approved by: Andrea McCooke, Director of Organisation Development

**3.16 FI/AUD/4 DOA (DoF) 03/18 – AUDIT AND RISK ASSURANCE COMMITTEE HANDBOOK (NI) 2018**

The Department of Finance advised (through DAO (DoF) 03/08 – a copy of which is **enclosed**) of an updated version of the Audit and Risk Assurance Committee Handbook (NI) 2018 (also **enclosed**).

This revised version of the Handbook continues to set out a clear set of principles that should be followed by Audit and Risk Assurance Committees.

The essence of these principles have not changed, however the areas of whistleblowing and cyber security have been included.

**RECOMMENDATION: that the report be noted.**

Prepared by: Paul Caulcutt, Head of Internal Audit

Agreed by: Jacqui Dixon, Chief Executive

**3.17 FI/AUD/4 NAO: GOOD PRACTICE GUIDE – CYBER SECURITY AND INFORMATION RISK GUIDANCE FOR AUDIT COMMITTEES**

As previously reported, an action plan was developed by Members as a result of the 2017/18 Review of the Effectiveness of the Audit Committee.

One of the actions was for the Audit Committee to consider ICT Cyber and Information Security as a potential wider area of scrutiny for the Audit Committee to undertake.

To enable Members to consider this, the National Audit Office's (NAO) Good Practice Guide – Cyber Security and Information Risk Guidance for Audit Committees, is **enclosed**.

**RECOMMENDATION: that the report be noted.**

Prepared by: Paul Caulcutt, Head of Internal Audit

Approved by: Jacqui Dixon, Chief Executive

3.18 FI/AUD/4

**NIPSO: INVESTIGATION OF A COMPLAINT AGAINST ANTRIM  
AND NEWTOWNABBEY BOROUGH COUNCIL**

A report for Members (copy of which is enclosed) has been prepared in respect to the publication of the Northern Ireland Public Services Ombudsman's investigation report (a copy which is also enclosed) into a complaint against Antrim and Newtownabbey Borough Council.

**RECOMMENDATION: that the report be noted.**

Prepared by: Paul Caulcutt, Head of Internal Audit

Approved by: Jacqui Dixon, Chief Executive