

June 24th, 2022

**Notice Of Meeting**

You are requested to attend the meeting to be held on **Monday, 27th June 2022 at 7:00 pm** in **Virtual via Zoom.**

# Agenda

## **Agenda (attached)**

📄 *AC 22.06.27 Agenda.pdf*

*Page 1*

### **1. Apologies**

### **2. Chairman's Remarks**

### **3. Declarations of Interest**

### **4. Matters Arising from Previous Meetings**

#### **4.a) Committee Minutes from March 2022 (attached)**

📄 *AC 21.03.2022 MinutesPM.pdf*

*Page 3*

#### **4.b) Follow-up Actions (report attached)**

📄 *04b Follow up actions.pdf*

*Page 18*

### **5. Internal Audit**

#### **5.a) Internal Audit Progress Report 2022/23 (attached)**

📄 *05a ANDBC 22-23 June Audit Committee Progress Report (for issue).pdf*

*Page 20*

### **6. Performance Improvement**

#### **6.a) 2021/22 Performance Improvement Progress Report to 31 March 2022 (attached)**

📄 *06a Quarter 4 2021-22 Update\_.pdf*

*Page 29*

### **7. Corporate Governance**

#### **7.a) Annual Statements of Assurance**

📄 *07a Report for Audit Committee - Assurance Statements - June 22\_.pdf*

*Page 31*

### **8. Terms of Reference Review (attached)**

📄 *08 Audit Committee Terms of Reference review June 2022.pdf*

*Page 35*

## 9. Any Other Notified Business

### ITEMS 10 - 13 \*\*\*IN CONFIDENCE\*\*\*

## 10. Single Tender Actions Update (attached)

▢ *10 Single tender action report for audit committee June 2022.pdf*

*Not included*

## 11. Draft Governance Statement for 2021/22 (to follow)

▢ *11 Draft Governance Statement 2021-22.pdf*

*Not included*

## 12. Draft Financial Statements for 2021/22 (to follow)

▢ *12 Accounts 2021-22 AC.pdf*

*Not included*

▢ *12 Draft Financial Statements 2021-22.pdf*

*Not included*

## 13. Fraud, Whistleblowing and Data-Protection Matters (verbal update)

## 14. Circulated for Information: NI Audit Office and Internal Audit Service in the Absence of Management

a) Grant Fraud and Risk

b) Procurement Fraud Risk

c) Internal Fraud Risk

▢ *a NIAO Grant Fraud Risk Guide (INTERACTIVE\_PDF\_colour change)\_v4.pdf*

*Not included*

▢ *b NIAO Procurement Fraud Risk Guide.pdf*

*Not included*

▢ *c NIAO\_internal-fraud-risk-guide\_interactive\_v4.pdf*

*Not included*

## 15. Meeting with NI Audit Office and Internal Audit Service in the Absence of Management

## ARDS AND NORTH DOWN BOROUGH COUNCIL

21 June 2022

Dear Sir/Madam

You are hereby invited to attend a meeting of the Audit Committee of the Ards and North Down Borough Council which will be held by Zoom on **MONDAY, 27 June 2022** commencing at **7.00pm**.

Yours faithfully

Stephen Reid  
Chief Executive  
Ards and North Down Borough Council

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

1. Apologies
  2. Chairman's Remarks
  3. Declarations of Interest
  4. Matters Arising from Previous Meetings
    - a) Committee Minutes from March 2022 (attached)
    - b) Follow-up Actions (report attached)
  5. Internal Audit
    - a) Internal Audit Progress Report 2022/23 (attached)
  6. Performance Improvement
    - a) 2021/22 Performance Improvement progress report to 31 March 2022 (attached)
  7. Corporate Governance
    - a) Annual Statements of Assurance (to follow)
  8. Terms of Reference Review (report attached)
  9. Any Other Notified Business
- ITEMS 10 - 15 \*\*\*IN CONFIDENCE\*\*\***
10. Single Tender Actions Update (attached)
  11. Draft Governance Statement for 2021/22 (to follow)

12. Draft Financial Statements for 2021/22 (to follow)
13. Fraud, Whistleblowing and Data-protection matters (verbal update)
14. Circulated for information: NI Audit Office guides on
  - a) Grant Fraud and Risk
  - b) Procurement Fraud Risk
  - c) Internal Fraud Risk
15. Meeting with NI Audit Office & Internal Audit Service in the absence of Management

**ITEM 7.6.**

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**ARDS AND NORTH DOWN BOROUGH COUNCIL**

A meeting of the Audit Committee was held virtually via Zoom on Monday 21 March 2022 at 7.00pm.

**PRESENT:-**

**In the Chair:** Alderman Wilson

**Councillors:** Armstrong-Cotter                      McClean  
Douglas    McRandal  
Gilmour    P Smith  
McAlpine (7.08pm)

**Independent Member:** Mr T McGonigal

**In Attendance:** ASM – J McCallion  
Deloitte – C McDermott  
NIAO - A Allen

**Officers:** Chief Executive (S Reid), Director of Finance and Performance (S Christie), Head of Finance (S Grieve) and Democratic Services Officer (P Foster)

**1. APOLOGIES**

The Chairman (Alderman Wilson) sought apologies at this stage.

Apologies were noted from Alderman Gibson, Councillor Blaney, David Kinsella – Deloitte and Christine Hagan – ASM.

**NOTED.**

**2. CHAIRMAN'S REMARKS**

The Chairman welcomed everyone to the meeting including the internal and external auditors to the Committee from the Northern Ireland Audit Office, ASM and Deloitte. Continuing he also expressed his thanks to the Vice Chairman for stepping in at the December 2021 Committee meeting in his absence.

**NOTED.**

**3. DECLARATIONS OF INTEREST**

The Chairman asked for any Declarations of Interest at this stage and none were made.

**NOTED.**

#### **4. MATTERS ARISING FROM PREVIOUS MEETINGS**

##### **(a) Audit Committee Minutes from December 2021**

PREVIOUSLY CIRCULATED:- Copy of the above minutes.

**AGREED TO RECOMMEND, on the proposal of Councillor Douglas, seconded by Councillor Armstrong-Cotter, that the minutes be noted.**

##### **(b) Actions Register (File AUD02)** (Appendix I)

PREVIOUSLY CIRCULATED:- Report from the Director of Finance and Performance detailing that in line with best practice, the purpose of this report was to make the Audit Committee aware of the status of outstanding recommendations or any outstanding actions from the previous Audit Committee meetings.

It was noted there was one item from the previous committee, which had been completed.

RECOMMENDED that the Committee notes the report.

**AGREED TO RECOMMEND, on the proposal of Councillor Armstrong-Cotter, seconded by Councillor Douglas, that the recommendation be adopted.**

#### **5. EXTERNAL AUDIT**

##### **(a) Annual Audit Letter 2020/21** (Appendix II)

PREVIOUSLY CIRCULATED:- Report from the Northern Ireland Audit Office outlining the Annual Audit letter for the Council for 2020/21.

RECOMMENDED that the report be noted.

At this stage, Mr Allen, provided members with a detailed overview of the report which included matters such as Audit of Financial Statements, Audit on Economy, Efficiency & Effectiveness and Governance.

**AGREED TO RECOMMEND, on the proposal of Councillor Armstrong-Cotter, seconded by Councillor Douglas, that the report be noted.**

##### **(b) S95 Audit and Assessment report 2021/22 and certificate** (Appendix III)

PREVIOUSLY CIRCULATED:- Report from the Northern Ireland Audit Office detailing the Audit and Assessment report for the Council for the period 2021/22, also letter dated 28 February 2022 and Certificate of Compliance.

RECOMMENDED that the report be noted.

At this stage, Mr McCallion, thanked the Chief Executive and his staff for their assistance and hard work and proceeded to provide members with a detailed overview of the report. He highlighted that the Auditor had been unable to assess whether Council was likely to comply with Part 12 of the Local Government Act (Northern Ireland) 2014 (the Act) during 2021-22 due to the impact of the COVID-19 pandemic on normal services. It was further noted that in respect of Statutory recommendations, the Auditor had made no statutory recommendations however there had been five new proposals made for improvement.

(Councillor McAlpine joined the meeting at this stage – 7.08pm)

At this stage the Chairman sought questions from members.

Picking up on the issues raised in respect of the Council's Consultation process, Councillor Douglas sought further details asking particularly if this was an issue for all Council consultations undertaken.

In response Mr McCallion confirmed that the Council did not have a specific consultation strategy stating the number of weeks required for consultations. He indicated that some other Councils did have a strategy. Furthermore it was noted the consultation period for the 2021-21 PIP ran for only three weeks, which was a reduction from four weeks in the 2019-20 process, however he acknowledged that may have been impacted by the Covid 19 pandemic.

Councillor Douglas referred to major criticism directed towards the Council about recent consultations undertaken.

Councillor Douglas was aware that currently the Council could be open to challenge and as such she would welcome the development of a consultation strategy.

**AGREED TO RECOMMEND, on the proposal of Councillor Douglas, seconded by Councillor P Smith, that the report be noted.**

**(c) Draft Audit Strategy 2021/22 (Appendix IV)**

PREVIOUSLY CIRCULATED:- Report from the Northern Ireland Audit Office detailing the Draft Audit Strategy for the Council for 2021/22.

RECOMMENDED that the report be noted.

At this stage, Mr McCallion, provided members with a detailed overview of the report highlighting the Key Messages and Audit Risks.

The Chairman sought questions from members.

Referring to Section 3 of the report, Audit Approach, Mr McGonigal noted the key accounting changes introduced by the 2021-22 Code of Practice on Local Authority Accounting in the United Kingdom (the Code) including the Reframing the Code requirements in terms of UK-adopted standards rather than EU adopted standards,



reflecting the United Kingdom's withdrawal from the European Union. He commented that he would have assumed there would have been very little in the way of changes.

Mr Allen informed Mr McGonigal that element of the report had been undertaken by another section of the team and as such he would report back to him on that point. He added that he would not have anticipated there being any major changes made to this.

**AGREED TO RECOMMEND, on the proposal of Councillor P Smith, seconded by Councillor Armstrong-Cotter, that the recommendation be adopted.**

## **6. INTERNAL AUDIT**

### **(a) Internal Audit Progress Report (Appendix V)**

PREVIOUSLY CIRCULATED:- Report from Deloitte detailing the Audit Committee progress on the following service areas (reports attached at appendix):

- i. Supplier Payments
- ii. Organisational Development
- iii. Policing Community Safety Partnerships (PCSP)
- iv. Grant Funding
- v. Waste Services
- vi. Customer Service
- vii. Bi-annual Follow up March 2022

RECOMMENDED that the reports be noted.

Ms McDermott, Deloitte, summarised the progress report which had been tabled confirming that all planned audits had now been completed. She expressed her gratitude to Council staff for their assistance throughout the audit process and proceeded to guide members through the reports for each of the service areas.

#### **i) Supplier Payments**

Ms McDermott highlighted the salient points and audit priorities within the report and noted there were no Priority 1 recommendations, two Priority 2 recommendations and one Priority 3 recommendation with an overall Satisfactory level of assurance given. Ms McDermott provided members with a brief synopsis of each of those Priority findings before seeking queries from members at this stage.

Referring to Supplier Payments, Councillor P Smith commented that it would normally be necessary to have either a Purchase Order or Cost Code to enable a payment to be progressed.

Ms McDermott confirmed that a manual system for that was currently in place, however it was being suggested that new finance system would support the process better.

The Head of Finance added that the section's Service Plan included reference to the provision of a Business Case for the introduction of such a system.

Mr McGonigal referred to the Management responses to the report and suggested that future reports detailed such responses as either: Accepted, Rejected or Partially Accepted. Continuing he noted two actions points had been described as not feasible by management and sought further clarification on that.

The Director of Finance & Performance stated that generally management accepted all recommendations and if it was felt that it could not then this would be specifically drawn to the attention of the committee. Alluding to the recommendations referred to, the Director indicated that they had been accepted and the first step to implement would be the development of a business case for the purchase of a new finance system. He added that in such cases it was probable that some recommendations could take considerable time to implement.

Mr McGonigal quoted directly from the report which indicated management had said a recommendation 'was not feasible'.

The Director of Finance & Performance reiterated that the recommendation in that case had been accepted but a business case would need to be developed in order to implement it.

At this stage the Head of Finance confirmed that the recommendation had been accepted in principal and added that currently a manual system was in place which mitigated the level of risk.

## **ii) Organisational Development**

Ms McDermott highlighted the salient points and audit priorities within the report and noted there were no Priority 1 recommendations, one Priority 2 recommendation and five Priority 3 recommendations with an overall Satisfactory level of assurance given. Ms McDermott provided members with a brief synopsis of each of those Priority findings before seeking queries from members at this stage. There were no questions from members.

## **iii) Policing Community Safety Partnerships (PCSP)**

Ms McDermott highlighted the salient points and audit priorities within the report and noted there were no Priority 1 recommendations, two Priority 2 recommendations and two Priority 3 recommendations with an overall Satisfactory level of assurance given. Ms McDermott provided members with a brief synopsis of each of those Priority findings before seeking queries from members at this stage.

Mr McGonigal noted the projected sign off date of March 2023 in respect of the introduction of electronic sign offs and suggested that was something which should already be taking place due to new working arrangements introduced as the result of the Covid 19 pandemic.

In response the Director of Finance & Performance indicated that he would liaise with his PCSP colleagues on this matter and report back to Mr McGonigal in due course. He suspected that it may be a typographical error within the report.

#### **iv) Grant Funding**

Ms McDermott highlighted the salient points and audit priorities within the report and noted there were no Priority 1 recommendations, three Priority 2 recommendations and three Priority 3 recommendations with an overall Satisfactory level of assurance given. Ms McDermott provided members with a brief synopsis of each of those Priority findings before seeking queries from members at this stage. There were no questions from members.

#### **v) Waste Services**

Ms McDermott highlighted the salient points and audit priorities within the report and noted there were no Priority 1 recommendations, no Priority two recommendations and four Priority 3 recommendations with an overall Satisfactory level of assurance given. Ms McDermott provided members with a brief synopsis of each of those Priority findings before seeking queries from members at this stage. There were no questions from members.

#### **vi) Customer Service**

Ms McDermott highlighted the salient points and audit priorities within the report and noted there were no Priority 1 recommendations, two Priority 2 recommendations and one Priority 3 recommendation with an overall Satisfactory level of assurance given. Ms McDermott provided members with a brief synopsis of each of those Priority findings before seeking queries from members at this stage.

Mr McGonigal noted a March 2023 Target Date for implementation throughout the report and sought clarification on the rationale for that.

Ms McDermott commented that she felt a target date of March 2023 was reasonable as training would need to be carried out. Furthermore she noted that a lot of work had already been carried out by the team throughout the past year with a lot of good progress made.

#### **vii) Bi-annual Follow up March 2022**

Ms McDermott highlighted the salient points and audit priorities within the report and referred to the Summary Update for the Status of Implementation of Internal Audit Recommendations which detailed the following:

- Total open issues as at last Audit Committee report – December 2021 – 68
- Items added to the tracker since the last Audit Committee meeting as at 31/01/2022 – 8
- Issues closed / superseded since the last Audit Committee meeting – 10
- Issues remaining open as at 31/01/2022 –  
Priority 1 – 4

Priority 2 – 30  
Priority 3 – 31

Continuing Ms McDermott informed members of 57 Total Overdue Issues adding that Appendix I detailed those Target Dates for Implementation. Ms McDermott sought questions from members at this stage and there were none.

**AGREED TO RECOMMEND, on the proposal of Councillor P Smith, seconded by Councillor Armstrong-Cotter, that the recommendation be adopted.**

**(b) Annual Assurance Statement 2021/22 (Appendix VI)**

PREVIOUSLY CIRCULATED:- Report from Deloitte detailing the Council's Annual Assurance Statement 2021/22.

RECOMMENDED that the report be noted.

At this stage, Ms McDermott, provided members with a detailed overview of the report before seeking questions from members.

Mr McGonigal commented that he found some of the tables within the report a little confusing. He noted that in Table 1 of the recommendations there were 14 in total and asked if those had been added to the Tracker in the previous document.

Ms McDermott advised that once this report had been formally finalised and approved by the Audit Committee it would be added to the Tracker at that point.

At this stage Mr McGonigal sought further clarification on some of the items to be added to the Tracker and Ms McDermott outlined when that would take place.

**AGREED TO RECOMMEND, on the proposal of Councillor Douglas, seconded by Councillor Armstrong-Cotter, that the recommendation be adopted.**

**(c) Draft Internal Audit Plan 2022/23 (Appendix VII)**

PREVIOUSLY CIRCULATED:- Report from Deloitte detailing the Council's Internal Audit Plan 2022/23.

RECOMMENDED that the report be noted.

At this stage, Ms McDermott, provided members with a detailed overview of the report highlighting three new audit areas those being:

- Labour Market Partnership
- Planning for New Ways of Working in Post Covid Environment
- Strategic Environmental Planning

Ms McDermott sought queries from members at this stage, however there were none.

**AGREED TO RECOMMEND, on the proposal of Councillor P Smith, seconded by Councillor Douglas, that the recommendation be adopted.**

**7. PERFORMANCE IMPROVEMENT**

**(a) 2021/22 Performance Improvement progress report to 31 Dec 2021 (File 260501-03) (Appendix VIII)**

PREVIOUSLY CIRCULATED:- Report from Director of Finance and Performance stating that the Local Government Act (Northern Ireland) 2014 Part 12 put in place a new framework to support continuous improvement in the delivery of council services. The Council was required each year to determine its priorities for improvement which were aligned to the Community Plan and Corporate Objectives and to publish those in the format of an Improvement Plan.

In the 2020/21 year the requirement to publish a Performance Improvement Plan was set aside and for the 2021/22 year the publication date was extended to September.





The Performance Improvement Plan (PIP) for 2021/22, identified 5 improvement objectives with a corresponding 33 measures including 7 Statutory Indicators and 6 self-imposed indicators, all were included in the Council’s Service Plans and were monitored and reported on quarterly through each Service’s respective Standing Committee.





It should be noted that this report reflected performance of the PIP only and was not necessarily representative of the overall performance of the organisation.

The following table gave an assessment of the status across all measures in the PIP and overall progress at this point was on track.

**Performance Assessment Key**

The key outlined below provided definitions for the three Red, Amber, Green (RAG) status levels which had been chosen to measure progress.

RAG Status	Definition
	Target/standard, actions and measures are of concern and are mostly falling short of plan
	Target/standard, actions and measures are mostly on track, but some are falling short of plan
	Target/standard, actions and measures are on track
	Rescheduled/no progress owing to impact of Covid

Corporate Plan PEOPLE priority	Improvement Objective	No of measures			
					

<b>PROSPERITY</b>	▶ We will grow the economy and create jobs		-	-	7
<b>ENVIRONMENT</b>	▶ We will improve the cleanliness of the streets in our borough by targeting littering and dog fouling incidents	1		2	-
	▶ We will improve recycling rates from Household Recycling Centres (HRCs)		1	1	-
<b>LIFE</b>	▶ We will support our businesses and residents to protect and improve their health and wellbeing	1	-	-	4
<b>EXCELLENCE</b>	▶ We will use technology to drive change		-	2	1
<b>STATUTORY INDICATORS</b>	▶ Municipal Waste				
	▶ Economic Development		6	1	-
	▶ Planning				
<b>SELF-IMPOSED INDICATORS</b>	▶ Resident Satisfaction	-	-	-	1
	▶ Prompt Payment of Invoices	-	-	-	3
	▶ Average number of working days lost per employee	-	-	-	1
	▶ % staff attendance	-	-	1	-
<b>OVERALL</b>		2	7	7	17

Detailed information on progress against each of the measures could be found in the Appendix to the report. Information on performance against the PIP 2021/2022 could also be found on the Council's [website](#) following ratification of this report.

RECOMMENDED that the report be noted.

Councillor P Smith proposed, seconded by Councillor Douglas, that the recommendation be adopted.

The proposer, Councillor Smith, acknowledged the two main areas of concern where Waste and Planning and he sought clarity on how those issues could be taken forward.

In response, the Director of Finance & Performance advised that a performance report in respect of Waste issues was considered by the Council's Environment Committee on a quarterly basis. In respect of Planning matters those issues highlighted were long standing ones whose targets had never been met and he reassured members that matters such as those were taken seriously by the Council.

While appreciating those issues were complex matters, Councillor Smith commented that the only issue was that this tool before them highlighted those key issues and areas of concern.

**AGREED TO RECOMMEND, on the proposal of Councillor P Smith, seconded by Councillor Douglas, that the recommendation be adopted.**

## **8. CORPORATE RISK REGISTER (FILE AUD02) (Appendix IX)**

PREVIOUSLY CIRCULATED:- Report from Director of Finance & Performance stating that the Corporate Risk Register (CRR) was a live document which was amended as required to reflect new or changing risk factors. The CRR had been

updated to reflect the current status of controls with associated amendments together with any further actions required. Minor amendments were not included in the report.

Two new actions had been included under CR4 to reflect actions required in consideration of Russia's invasion of Ukraine. The Executive Office were developing a Situation Report to identify and report any impacts flowing from this crisis. They were also developing a dashboard to similar to the CIVID dashboard. This would be reviewed and monitored for potential for supply chain issues, or risks that may affect the operation of Council services or impact the Borough. It was also noted that risks of cyber-attack may increase as a direct result of this crisis.

Despite the removal of Regulations, there were no substantive amendments to reflect the risks and responses to the COVID-19 pandemic (primarily reported under CR14, with substantial references in CR4 and CR6). As a health and organisational risk, the Council must ensure that measures continued to reflect its obligations arising out of health and safety legislation and the need to maintain services. Arrangements were kept under review to ensure account was taken of regional and local transmission rates in addition to the current guidance. Whilst transmission rates continued to be high, and there had been significant infection numbers amongst Council staff, the measures had ensured that there had been little transmission within the workplace with low impacts on service provision. Working from home arrangements had also allowed some staff to continue to work effectively. The responses to this risk had also resulted in some positive impacts with innovations and changes in working practices that could be considered for inclusion in "return to normal" plans.

#### **Updates within Version 18, March 2021:**

**CR1** Updated to reflect the recent review of the Community plan and the 10 priorities agreed by the strategic partnership, as well as the current progress on producing an Assessment of Wellbeing for the Borough and the appointment of a Data and Evidence Analyst.

Further Actions reflect the ongoing work emanating from the current controls, including the intention to publish the Assessment of Wellbeing, revision and improvement of the Performance Scorecard, the creation of a reliable database, and development of a mechanism to report on whole population indicators to show progress made.

**CR2** The AND Update publication is to be reintroduced in April 2022. Focus groups are ongoing for the new Our People Plan, the coaching and mentoring programme has recommenced. In addition, Heads Together communication sessions have been facilitated for teams/services across Council to discuss hybrid working and how services will be provided in the future. The Customer Service Excellence working group is back in operation and officers are currently working on producing a new Customer Services Strategy for the Council.

- CR3** Updated with further action to recruit additional qualified accountants to increase capacity and resilience within the finance section.
- CR4** Current Controls have been updated to reflect that refresher training of Council's emergency response plan was carried out with HOST/CLT in January 2022. In addition, a Safety Advisory Group has been established for the concert to take place in Ward Park, August 2022. Additional sandbag containers have been provided, they are now in place at Groomsport, Ballywalter, Portavogie and Portaferry in order to provide community support for flooding incidents.
- Further actions have been updated to include monitoring of potential impacts of Russia's invasion of Ukraine, including specifically supply chain issues and any other potential impacts, as well as giving effect to any actions deemed necessary to maintain services in light of any potential escalation of the crisis. An overarching Business Continuity Plan is in development and a roll out of Business Impact Analysis have begun.
- The Gross Risk has increased from 15 to 16 to bring it from medium to high risk, this is to demonstrate the potential high impact of a major incident if the current control measures were not in place. Whilst the Coronavirus pandemic remains to have potential for major impact the measures in place have resulted in a low impact and continuance of the provision of Council Services so that this risk would not be a significant (high) influencing factor in the Residual Risk at this time. The Residual Risk has, however, remained the same given that the Business Continuity piece has not been concluded and the potential risk of the Ukraine crisis cannot be accurately assessed at this time, but has the potential for significant impacts.
- CR5** The Customer Service Excellence Strategy action plan is in place and regularly reviewed, under future actions this risk has been updated to include that the Customer Service Excellence Strategy is being created, the Events Panel is to be reintroduced and that customer service/complaints training will be included in new starters' inductions.
- CR6** This has been updated to state that Drugs and Alcohol at Work policy training has been provided to all employees and managers. The interim home working policy has been introduced, return to office arrangements will continue to be reviewed in light of the ongoing pandemic. Implementation of a new incident management software suite is ongoing.
- CR7** Several policies have been included for finalisation as future actions. In addition, a business case is to be developed in relation to consideration of introducing an Electronic data and records management system.
- CR9** Under further actions for this risk an entry on reviewing the standard Council and committee report template to see if there is a possibility of



providing greater clarity for members on any financial or other corporate risk implications of the matter discussed in the report.

- CR13** This risk has been updated with a considerable list of further actions related to cyber security, including the need for a Cyber security action plan to be agreed, the need to review potential sources of risk across the organisation and the need to create "play books" to manage any incidents that do occur. With the implementation of agile working there will need to be an assessment and mitigation of risk associated with this specifically.
- CR14** This risk has been updated to include the possibility of future pandemics, in addition under future actions an item has been added to assess and mitigate the risk associated with agile working, as for CR13. Under current controls references have been added to the Councils medium term financial strategy which is in place.
- CR15** As the Core2 system has now had the main payroll and HR elements launched successfully the residual risk has now a lower likelihood of failure of the system, as such the residual risk has dropped to 5, which puts it in the category of a risk that can be tolerated. Consideration will be given to removing CR15 from the register in the next review.

RECOMMENDED the amended Corporate Risk Register be noted.

Councillor Douglas proposed, seconded by Councillor P Smith, that the recommendation be adopted.

The proposer, Councillor Douglas, referred to new regional emergency planning arrangements in place and the need for lobbying for appropriate legislation and clarity with regard to the role of Council in emergency response and recovery. She asked what was in place in terms of managing refugees and suggested that consideration needed to be given to the creation of a central hub and outreach facilities.

The Director of Finance & Performance suggested that issues such as this were not included in the Corporate Risk Register, risks which were perceived as potentially having a severe impact on the Council if they materialised were included. He suggested the issues raised by Councillor Douglas would therefore not form part of the Corporate Risk Register at this time.

(Councillor Gilmour left the meeting at this stage – 8.19pm)

Councillor Douglas referred to the situation with Afghan refugees which had resulted in a lot of negativity within her own District Electoral Area and subsequently had put the Council on a back footing on this matter. She indicated that she would be keen for this to be considered by the Council perhaps through the Community & Wellbeing Committee.

At this stage Mr McGonigal referred to Page 23 of the report which detailed CR13 Breach of Cyber Security and asked if the Council currently had in place insurance against cyber-attacks.

In response the Director of Finance & Performance indicated that he believed the Council had no specific insurance against cyber-attacks.

**AGREED TO RECOMMEND, on the proposal of Councillor Douglas, seconded by Councillor P Smith, that the recommendation be adopted.**

## **9. MEETING SCHEDULE AND WORK PLAN 2022/23 (FILE AUD02)**

PREVIOUSLY CIRCULATED:- Report from the Director of Finance & Performance stating that in order to assist the Committee with its oversight responsibilities a suggested meeting schedule and work plan had been prepared.

Meeting Date	Agenda Items
27 June 2022	<ul style="list-style-type: none"> <li>• Draft Financial Statements Review</li> <li>• Governance Statement Review</li> <li>• Statements of Assurance Update</li> <li>• Review of Terms of Reference</li> </ul>
19 September 2022	<ul style="list-style-type: none"> <li>• Audited Financial Statements Approval</li> <li>• Draft Report to those charged with Governance</li> <li>• Corporate Risk Register Review</li> <li>• Internal Audit Contract Tender</li> </ul>
12 December 2022	<ul style="list-style-type: none"> <li>• Final Report to Those charged with Governance</li> <li>• Final Audit Letter</li> <li>• Improvement Audit and Assessment Reports</li> <li>• Interim Statements of Assurance Update</li> <li>• Internal Audit Contract Tender</li> </ul>
20 March 2023	<ul style="list-style-type: none"> <li>• Annual Internal Audit Report</li> <li>• Draft Internal Audit Plan for 2023/24</li> <li>• Review of Corporate Risk Register</li> <li>• Meeting Schedule and work plan 2023/24</li> </ul>

In addition there were standing items on the agenda:

- Declarations of Interest
- Follow-up actions from previous committee meetings
- Outstanding Audit Recommendations Follow-up
- Performance Improvement Progress
- Internal Audit Update

- Single Tender Action Update
- Fraud, whistleblowing and data breaches update

RECOMMENDED that Council approves the work plan for the 2022/23 financial year.

At this stage, the Head of Finance, provided members with a brief overview of the report.

**AGREED TO RECOMMEND, on the proposal of Councillor Armstrong-Cotter, seconded by Councillor P Smith, that the recommendation be adopted.**

## **10. ANY OTHER NOTIFIED BUSINESS**

The Chairman advised that there were no items of any other notified business.

NOTED.

## **EXCLUSION OF PUBLIC/PRESS**

**AGREED TO RECOMMEND, on the proposal of Councillor Douglas, seconded by Councillor McClean, that the public/press be excluded during the discussion of the undernoted items of confidential business.**

## **11. SINGLE TENDER ACTIONS UPDATE (FILE 231329)**

**\*\*\*IN COMMITTEE\*\*\***

NOT FOR PUBLICATION

SCHEDULE 6 – INFORMATION RELATING TO THE FINANCIAL OR BUSINESS AFFAIRS OF ANY PARTICULAR PERSON (INCLUDING THE COUNCIL HOLDING THAT INFORMATION)

## **12. FRAUD, WHISTLEBLOWING AND DATA-PROTECTION MATTERS**

**\*\*\*IN COMMITTEE\*\*\***

NOT FOR PUBLICATION

SCHEDULE 6 – INFORMATION RELATING TO THE FINANCIAL OR BUSINESS AFFAIRS OF ANY PARTICULAR PERSON (INCLUDING THE COUNCIL HOLDING THAT INFORMATION)

## **CHAIRMAN'S REMARKS**

### **13. MEETING WITH NI AUDIT OFFICE AND INTERNAL AUDIT SERVICE IN THE ABSENCE OF MANAGEMENT**

**\*\*\*IN CONFIDENCE\*\*\***

The Chief Executive, Director of Finance & Performance, Head of Finance and Democratic Services Officer all withdrew from the meeting during the discussion of the item (8.27pm).

**NOTED.**

### **RE-ADMITTANCE OF PUBLIC AND PRESS**

**AGREED TO RECOMMEND**, that the public/press be readmitted to the meeting.

### **TERMINATION OF MEETING**

The meeting terminated at 8.28pm.

Unclassified

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**ITEM 4b****Ards and North Down Borough Council**

Report Classification	Unclassified
Council/Committee	Audit Committee
Date of Meeting	27 June 2022
Responsible Director	Director of Finance and Performance
Responsible Head of Service	
Date of Report	21 June 2022
File Reference	AUD02
Legislation	Local Government (Accounts and Audit) Regulations 2015
Section 75 Compliant	Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable <input checked="" type="checkbox"/>
Subject	Follow up actions from previous meetings - Action Register
Attachments	Appendix 1

In line with best practice, the purpose of this report is to make the Audit Committee aware of the status of outstanding recommendations or any outstanding actions from the previous Audit Committee meetings.

There are two items from the previous committee.

**RECOMMENDATION**

It is recommended that Committee notes the report.

Unclassified

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**Appendix 1**

Item	Title	Action	Officer	Status
<b>December 2021</b>				
6a	Internal Audit Progress	<ul style="list-style-type: none"><li>Review implementation date of PCSP recommendation</li></ul>	Internal Audit	Complete



## Ards and North Down Borough Council Audit Committee Progress Report

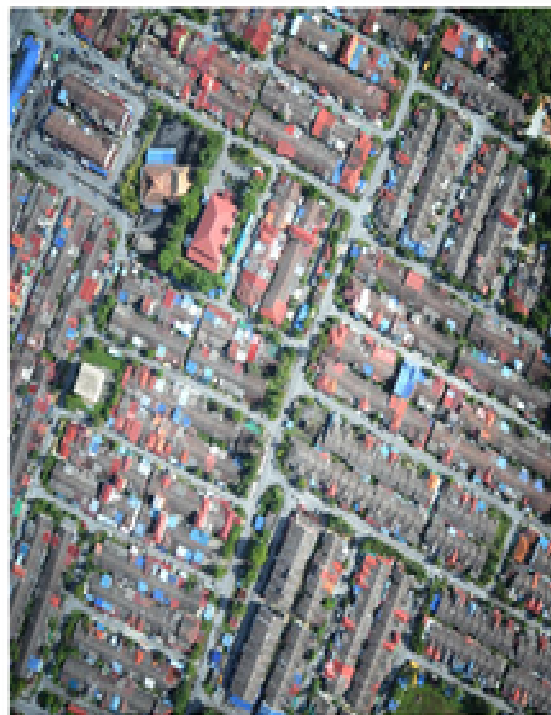
June 2022



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# Progress to Date

## Summary Status of the 2022/23 Plan

## Progress to Date

### Summary Status of the 2022/23 Plan

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We have commenced delivery of our 2022/23 Internal Audit Plan. An overview of our progress for the year to date (as at 17<sup>th</sup> June 2022) is set out below:

Final Report	Draft Report	Fieldwork	Planning	Yet to Commence	Cancelled/Deferred	Total
-	-	1	6	4	-	11

Further detail on reviews is provided in Appendix I.

# Appendix I

## Progress to Date

## Progress to Date

### Update on Annual Internal Audit Plan – 2022/23

In this section we have provided an overview of our progress regarding the 2022/23 Internal Audit Plan as at 17/06/2022.

Ref	Review Area	Sponsor	Planned Days	Actual Days to Date	Audit Status	Assurance Level	Planned Start Date	Actual Start Date	Notes
<b>Quarter 1</b>									
ANDBC 22/23 - 01	Planning for new ways of working in post-Covid environment	Head of HR and Organisational Development, Business Technology Manager	10	0.5	Fieldwork in progress	-	13/06/2022	13/06/2022	Fieldwork in progress.
ANDBC 22/23 - 02	Service Review – Strategic Capital Development	Head of Strategic Capital Development	15	0.5	Terms of reference agreed	-	27/06/2022	-	Final terms of reference issued 01/06/2022.
<b>Quarter 2</b>									
ANDBC 22/23 - 03	Waste Management	Head of Waste Services	10	0.5	Terms of reference agreed	-	18/07/2022	-	Final terms of reference issued 16/06/2022.
ANDBC 22/23 – 04	PCSP	Head of Community and Wellbeing	8	0	Planning commenced	-	12/09/2022	-	Planning meeting scheduled for 28/06/2022.
ANDBC 22/23 – 05	Strategic financial planning	Head of Finance	12	0	Planning commenced	-	19/09/2022	-	Planning meeting scheduled for 29/06/2022.
ANDBC 22/23 – 06	Treasury management	Head of Finance	15	0	Planning commenced	-	26/09/2022	-	Planning meeting scheduled for 29/06/2022.

## Progress to Date

### Update on Annual Internal Audit Plan – 2022/23

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Ref	Review Area	Sponsor	Planned Days	Actual Days to date	Audit Status	Assurance Level	Planned Start Date	Actual Start Date	Notes
<b>Quarter 3</b>									
ANDBC 22/23 – 07	Procurement	Head of Strategic Transformation and Performance	10	0	Planning commenced	-	14/11/2022	-	Planning meeting scheduled for 28/07/2022.
<b>Quarter 4</b>									
ANDBC 22/23 – 08	Labour Market Partnership	Head of Regeneration	10	0	Planning to commence	-	09/01/2023	-	Planning to commence.
ANDBC 22/23 – 09	Strategic environmental planning	Head of Administration	10	0	Planning to commence	-	19/01/2023	-	Planning to commence.
ANDBC 22/23 - 10	Service Review – Environmental Health	Head of Environmental Health Protection and Development	15	0	Planning to commence	-	23/01/2023	-	Planning to commence.
ANDBC 22/23 - 11	Cyber Security	Head of Strategic Transformation and Performance	15	0	Planning to commence	-	TBC	-	Planning to commence.

## Changes to the Internal Audit Plan and AOB

### Amendments and AOB to be noted by the Audit Committee

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In line with good practice, any amendments to the Internal Audit Annual Plan should be reported to the Audit Committee for approval (e.g. cancellation of individual audits, additions to the Internal Audit Plan). We have no amendments to report.

We have completed fieldwork for the Supplier Relief review, which is outside of the Internal Audit plan. We issued the final report to management outlining findings on 26/05/2022.

We have no other business to present however would be happy to discuss any other business that Ards and North Down Borough Council may wish to consider.



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Title	Owner	Status	Value	Q4 Target	Comments on progress to 31 March 2022	Overall comment on performance for 2021/22 year
Percentage of municipal solid waste sent to landfill	Nigel Martin	Red	41,128	14,300	Residual waste tonnage increased significantly during the Covid-19 pandemic. This is attributable to a number of factors including home working, lockdowns, increase in DIY activities, replacement house fixtures and furnishings and general clean-outs of garages, roof spaces and garden sheds.	
Percentage of household waste collected by the district council that is sent for recycling (including waste prepared for re-use)	Nigel Martin	Red	48.3%	60%	While the tonnages of materials recycled have remained consistent, the large increase in residual waste has resulted in a significant decrease in the overall recycling rate.	
Amount (tonnes) of biodegradable waste that is sent to landfill	Nigel Martin	Red	22,258	13,817	The large increase in residual waste sent to landfill was the main contributing factor to the increase.	
Local Environmental Audit and Measurement Score (LEAMS) (Street Cleaning)	Nigel Martin	Yellow	73	75	Due to staffing pressures and social distancing requirements as a result of Covid, some areas of the street cleaning service have reduced or been restricted during the last 12 months.	
Amount (tonnage) of Local Authority Collected Municipal Waste Arisings	Nigel Martin	Yellow	11,424	10,124	The 3rd and 4th quarter tonnages suggest that the increase in waste during Covid may have peaked and the trend is moving towards pre-covid levels.	
Strategies for improving recycling rates across HBC's developed	Nigel Martin	Yellow			Officers have presented various options to members and are awaiting a decision on proposed changes to existing services.	
Implement a dog-fouling monitoring system	Stephen Adley	Green			Following a review of the system it was agreed that the use more Low Cost LEAMS score system would be used to monitor dog fouling. The LEAMS score results from an independent street cleaning audit provided by an external body and monitors levels of dog foul in identified hotspot areas. To further improve the system a new internal recording system to identify changes to hotspot areas more quickly is being developed and it will be introduced in the 2022/23 year.	
Targeted education programmes	Stephen Adley	Blue			Delayed as a result of Covid impacts, however, this is due to commencement in the new school year in September 2021.	
Update Customer Service Excellence Strategy and Action Plan 2020-2024	Nigel Curtis	Yellow	60%	100%		
Develop proposals for more innovative and effective methods of consultation and engagement with residents	Clare Jackson	Yellow	Ongoing	31-Dec-21	Carried over to the 2022-23 Service Plan and will be developed in line with new responsibilities of the restructured community engagement services.	
% of condition surveys completed against schedule	Peter Caldwell	Green	100%	100%		
Required number of refurbishments carried out according to the schedule	Peter Caldwell	Green	Yes	Yes		
% staff attendance	Rosemary McCullough	Orange	91.63%	93%	Staff attendance for the year ended March 2022 is 85.7% which is 5.9% above the target for the year. The short-term absence is very low at 1.5% which is managed in line with the Council's absence policy by having general targets, issuing performance notices and having regular absence review meetings. However, although long-term absence is also managed under the Council's absence policy, it is more difficult to keep absence under control with a current long-term absence figure of 4.9%. Due to longer NHS waiting lists employees are off for longer periods of time. The main causes cited for long-term absence are stress, depression and fatigue as well as musculo-skeletal disorders. The Council continues to manage long-term absence through OH appointments, health referrals and a 24/7 counselling service. The Council has recently agreed to engage with APAC for them to conduct an in-depth survey and report their findings and recommendations.	
Digital Transformation programme commenced	Stephanie Denny	Yellow	Ongoing	31-Mar-21	Progress on the Digital strand of the Strategic Transformation and Efficiency Programme was delayed owing to the ongoing vacant Head of Service post. Expert help from an executive recruitment and selection agency was sought to assist in the recruitment process which was successfully filled and due to commence in April 2021. This will be carried forward into the 2022/23 year.	
Develop and have business case approved and recruit additional support in Health and Wellbeing	Gareth Kneear	Blue			Owing to reduced resources and the ongoing impacts of Covid-19 gardens on the Service the Business Case was unable to be progressed and has now been shelved for the 2021/22 financial year.	
We will develop and implement a play strategy	Stephen Dwyer	Green	Yes	Yes		The Play Strategy is complete and a public consultation process has now commenced to deliver an order children facility in Holmwood with the Communities Team making initial contact with groups in Holmwood. Over the course of the 18 year strategy further consultations are required for Lamber, Grayshill, Ballywater and Groomport and possibly Strabane. Public consultation for Portlavery is now complete with Castle Park being the favoured location for the playground. Public consultations in relation to the new after-school provision will also being carried out to deliver approx. 1 per year (out of a total of 6 proposals) subject to planning approval etc. The Play Park tender has been awarded to Garden Park (Portlavery) for the north of the borough and Play and Leisure for the south. Refurbishments of Kuno and Castle Park (Portlavery) will be delivered this year as well as Johnny the Big Linear Crescent Lamber with public consultation on possible relocation to Walters Field and Cloughy (which will be upgraded to a Tier 1). Play Parks are no longer being funded. Business case has been written for recruitment of a Development Officer for Play and business case has been submitted to CLT.
We will develop and implement a community food growing strategy	Stephen Dwyer	Green	Yes	Yes		Good progress has been made on the implementation of the community food growing strategy. We achieved Sustainable Food Membership in April 2022. As members of the Sustainable Food Plan, network, we have been added to their website and have access to a wide range of contacts, networks, events, and resources. Key areas of focus over the next 12 months will be:  Application to HLF being made in conjunction with WRABC & Social Farms & Gardens for a 'Soil & Grow' project (Brambury allotment Forum) has been set up and first meeting held in May 2021. Community Orchards in place at three locations in Village Hall grounds in Grayshill, Linnon Play Park at Parkville and Ann Street Open Space in Portlavery. In 2022/3 we hope to plant a further three Community orchards at Lansdowny Park in Newlands, Carradale and Colleen Park - the internal consultation. We will be working with more community partners of future orchards sites - three per year. Council providing assistance to Holmwood (Strap) Town in the Redburn Allotment Project. Developing and mapping our Growing Network with Social Farms and Gardens. Continue to grow our network of food growers and businesses throughout the borough to encourage knowledge and skill sharing and to continue to build partnerships. Work with our partners Social Farms and Gardens to develop wider policy related work. Continue to co-design the establishment of a local Supermarket linked to the Community Plan priorities and directed a Community Support Steering Group. The project will also include work being carried out across the boroughs food economy (restaurants, markets, growers and suppliers).
Number of weeks to process local applications from date valid to decision or withdrawal	Aine McCullough	Red	26.8	25	34.8% of local applications were processed from date of validation to decision within the target of 11 weeks. A total of 238 local applications were decided during Quarter 4 with an average processing time of 23.9%. 14 applications withdrawn during this time.	Average target processing for this quarter was 24.8 weeks. Due to the pandemic staff had to visit the office on a rota basis due to social distancing measures. During this time in place which has affected processing times in terms of generation of decisions after Planning Committee or closure of delegated list, and sign off by authorized officers, and relevant processing by admin. Staff stress also affected the progression of applications particularly in the residential team.
Number of weeks to process major applications from date valid to decision or withdrawal	Aine McCullough	Green	42.2	30	No major applications were decided within Quarter 4. 2 major applications were received during this quarter.	Average target processing for this quarter was 30.2 weeks. No major applications received during this quarter due to additional information being required by consultees. Similar to minor applications, staff had to visit the office on a rota basis due to social distancing measures during this time in place which has affected processing times in terms of generation of decisions after Planning Committee or closure of delegated list, and sign off by authorized officers, and relevant processing by admin.
% progress of all enforcement cases to target conclusion within 39 weeks of receipt of complaint (i.e. case closure, date on which Enforcement Notice or Breach of Condition Notice issued, summons to court (date collector instructed)	Aine McCullough	Red	64%	70%	61.4% of the enforcement cases were concluded within 39 weeks of receipt of the complaint. A total of 131 cases were concluded of which 126 were closed.	While the target conclusion percentage continues to rise and improve each quarter, there has been an inevitable lull in effort following the lack of cases created as a result of the suspension of enforcement services between April 2020 and March 2021 due to the pandemic.
To deliver the town recovery plans and a rural recovery plan	Brian Dorman	Yellow	1.5	1	The plan is a composite of a number of projects approximately 50% of which have been completed. The outstanding projects to complete the plan have been delayed owing to statutory approvals not been received and/or planning permission issues. Another factor contributing to the delay has been staff resources. It is expected that the Rural Development Manager post which is current vacant owing to the RDM being seconded and the temporary RDM resigning, will be recruited for during Summer 2022/23.	The sector delivered well against the completed projects in the proposed plan. However, owing to the delays and staffing issues experienced the completion of the plan will be rolled into the 2022/23 Performance Improvement Plan.
Number of participants on ENOF Digital...	Clare McGill	Green	4	6	The launch of the programme was delayed which impacted on recruitment on to the programme.	This will be carried forward into the 2022/23 year as the end date of the programme is March 2022 and the target of 18 remains achievable as the programme is now underway.
No of new jobs created through HBCUP2	Clare McGill	Green	108	111	Numbers slightly lower than committed target as paperwork sign off was slow.	
Number of businesses supported through the Digital Growth Programme	Clare McGill	Green	43	35	Target exceeded as demand for digital support to help businesses recover from effects of pandemic remains high.	
Delivery of 27th Week 3 as part of the Consortium	Clare McGill	Green	100%	100%	Some sites remain uncompleted under 10% due to issues over commercial rollout plans of operators which could not be supported.	
Number of Tutors (contractual)	Sharon Mahaffy	Green	1	1		
Develop Events Bar for Strategy	Sharon Mahaffy	Green	1	1	Carried forward into 2022/23 service plan	
No of event organisers and volunteers trained	Sharon Mahaffy	Green	11	40	Several cohorts of event organisers to be trained delayed from March commencement date (to include grant recipients) now due to complete in June 21	



Title	Owner	Status	Value	Q4 Target	Comments on progress to 31 March 2022	Overall comment on performance for 2021/22 year
Resident Satisfaction	Deirdre Jackson	On Track	87%	83%	<p>Overall satisfaction with Council is derived from a survey of residents undertaken in June 2021. The Council undertakes a resident survey every two years and the last survey was completed in 2018. The most recent survey should have been conducted in 2020 however, owing to the impacts of Covid the survey was delayed. Recognising that many of the Council's services were ceased or reduced during 2020/2021 impacting on residents' opportunities to interact with Council, a decision was taken to reduce the number of participants from 1,000 to 400. (The actual survey sample was 406 which remains statistically significant.) In light of the challenging times we have experienced over the last 2 years the 1% decrease in performance from the 2018 baseline figure of 83% is considered to be satisfactory and compares favourably with a figure of 64% for all 64 Councils in June 2021.</p>	
Average number of working days lost per employee	Wendy McLaughlin	On Track	14	14		
Prompt Payment of Invoices within 10 days	Stephen Green	On Track	93%	93%		Interim electronic system has increased efficiency to the supplier payments process. This will continue to be refined to maintain the current excellent performance.
Prompt Payment of invoices within 30 days	Stephen Green	On Track	93%	93%		
Prompt Payment of invoices outside 30 days	Stephen Green	On Track	2%	2%		

Unclassified

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## ITEM 7a

## Ards and North Down Borough Council

Report Classification	Unclassified
Council/Committee	Audit Committee
Date of Meeting	27 June 2022
Responsible Director	Director of Organisational Development and Administration
Responsible Head of Service	Head of Administration
Date of Report	20 June 2022
File Reference	SOA1
Legislation	Local Government Act (Northern Ireland) 2014 Local Government Finance Act (Northern Ireland) 2011 Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015
Section 75 Compliant	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Not Applicable <input type="checkbox"/>
Subject	Annual Statements of Assurance
Attachments	n/a

In accordance with the Council's Risk Management Strategy Heads of Service are required to provide Statements of Assurance. Assurance Statements comprise 4 main sections to be completed by each Head of Service following consultation with each of their Service Units. Period of this report, 1 October 2021 - 31 March 2022. One statement for remains outstanding.

## Findings

### General – Identification of Risk, Monitoring and Control measures

No key issues have been declared as not having appropriate internal controls in place. All Services have confirmed that any risks identified have appropriate internal controls and any further actions taken, or to be taken, to adequately mitigate or resolve the risk have been identified.

### **Brexit and COVID 19 Pandemic Impacts**

The impacts of both these issues have been previously reported. Actual and potential impacts, primarily financial and demands affecting staff, and / or service delivery, are reported across the Statements of Assurance.

Unclassified

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**Section 1 – Strategic and Operational Risk Management**

Services report appropriate controls are currently in place and have identified satisfactory actions to review, monitor, control, mitigate and resolve issues, where appropriate.

The Waste and Cleansing Service has reported that a significant financial liability risk remains if the bidding process for the Residual Waste Treatment project is collapsed by the client (arc21). Planning permission was recently refused by the DFI Minister and legal advice is currently being sought on whether to challenge the validity of the decision. All of this has significant implications for the future of arc21, in terms of delivering infrastructure for member councils.

The Leisure Service have reported that the current insourcing exercise being undertaken for North Down Leisure is greatly adding to the workload of the management team. Additional leisure and human resourcing staff have been recruited along with the retention of specialist consultancy services to assist in this process.

**Section 2 – Internal Control**

Generally, there are no key issues arising to cause significant concern or requiring immediate action.

Progress on Audit findings is reported to Committee separately, although they are reflected in the Assurance Statements. Services have recorded progress and plans to complete outstanding audit actions. Outstanding audit recommendations for four services are noted here.

The Communications and Marketing Service unit has two outstanding Priority 2 findings and one outstanding Priority 3 finding related to the Social Media Audit conducted in 2021, these are being addressed.

Strategic Transformation and Performance have three Priority 1 findings, two Priority 2 findings and four Priority 3 findings raised by the Business Continuity and Disaster Recovery Audit and the Business Technology Audit, all these findings are being progressed through an action plan.

Community and Culture Service have two priority 2 findings related to improving the documentation for PCSP grant claims with regards to when a non-standard approach to grant claims is appropriate and to ensure that management approval is documented for variations in grant claim timetables. In addition, the Service also has 8 priority 3 findings outstanding to be implemented.

Finance Service have recorded one outstanding Priority 1 Audit finding relating to the provision of an Asset Management Policy, in addition there are seven Priority 2 findings and two Priority 3 findings which have not been able to be progressed due to the Covid-19 response and a lack of staff resources to influence policy review and development. In addition to these there are four Priority 2 recommendations and seven Priority 3 findings, progress and plans for completion of these are recorded.

## Unclassified

Finance Service have also noted the absence of new Finance policies as a factor contributing to Internal Control risk. A business case has been submitted for additional staffing to progress these policies.

**Section 3 – Governance**

Administration have reported that complaints monitoring has revealed that information is not always being appropriately captured and that, despite formal procedures being in place, officers do not meet the expected standards in terms of response times and responsibilities. An action plan is in place to address this with the increased roll-out of the Te-Care software.

Assets and Property Services has reported that due to the recent high volatility in fuel prices a "deemed contract" was set up with suppliers in a collective action by councils to secure supply and attempt to achieve a price certainty as far as is practical. Significant overspend is expected, officers will continue to report to Council on this and explore options. In addition, due to unexpected market conditions the sale of electricity from the wind turbine in Balloo Wood Bangor was extended beyond the tender period, the tender will be revised.

The Service has also reported that due to the pandemic several vehicles were hired from a local business to support waste collections and other activities, these were hired without the value of the contract being known at the time, but these vehicles have continued to require use for much longer than planned due to the health and safety implications of Covid-19 on operations.

The Leisure Service have reported that the insourcing of the North Down Leisure Services may introduce legal or financial issues which have not been foreseen. To mitigate this the insourcing team has been made up of officers from across multiple sections of the Council for the greatest breadth of experience available to work on this. The loss of income claims submitted by the current operator are being independently reviewed by an external contractor to make an assessment as to the validity of these claims.

In addition, the Leisure Service has reported that the current difficulties recruiting staff is leading to staffing shortfalls, should this continue there is the possibility of reduction in facility opening hours and associated financial impact.

Environmental Health Protection and Development have again reported potentially significant legal and financial issues due to the demand on the Service both in relation to Covid-19 and the implementation of the Northern Ireland Protocol. In addition, the Service is reporting a difficulty recruiting and retaining environmental health staff, both for front facing and support staff which combined with the other pressures may hinder Council's ability to deliver on statutory requirements.

The Finance Service has reported that the issues of the interaction of overtime and holiday pay are still unresolved as well as the implications of the McCloud and Sargent court cases, whilst being accounted for in financial statements for year end March 2022 have not been fully accounted for in employer pension contribution rates.

## Unclassified

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In addition, the Service has reported that an attempted fraud was discovered on 13<sup>th</sup> April 2022, this was reported to the Northern Ireland Audit Office and the Department for Communities, no loss was incurred by Council.

The Parks and Cemeteries Service has reported that there will be an increase in fuel costs associated with the removal of the ability to use red diesel in road-going work vehicles (eg tractors). The ongoing complaints regarding remaining depths in graves is having a negative impact on cemeteries operations. Generally, a potential risk in terms of admin support has been identified following recent restructuring and in Cemeteries a need for greater admin support has been noted. A general review of the structure at SUM level has been identified as a future requirement to prepare for a sustainable and resilient delivery model going forward.

Human Resources and Organisational Development have reported several Priority 2 and 3 findings resulting from a number of audits. A timetable has been put in place to ensure appropriate action is taken within reasonable timescales.

Several direct award contracts were reported by services, all of these have been reported to Council and Council procedures followed.

Community and Culture have reported that there was a deviation from the Council's grants policy relating to a grant for the Platinum Jubilee celebrations which was agreed by Council. In addition, the Service has also noted that grant funding relating to covid-19 costs were claimed in error from SEUPB, and that the Service is working with them to resolve this.

**Section 4 – Miscellaneous**

Many services have stated continuing difficulty in recruiting and retaining staff at all levels as a key factor contributing to potential risk across a range of Council activities.

The Planning Service have reported that the Service Level Agreement (revision) with Shared Environmental Service requires signing for the provision of services in relation to Sustainability Appraisal for the Local Development Plan.

**RECOMMENDATION**

It is recommended that this report be noted.

Unclassified

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**ITEM 8****Ards and North Down Borough Council**

Report Classification	Unclassified
Council/Committee	Audit Committee
Date of Meeting	27 June 2022
Responsible Director	Director of Finance and Performance
Responsible Head of Service	Head of Finance
Date of Report	21 June 2022
File Reference	
Legislation	Local Government Act (NI) 2014 Local Government (Accounts and Audit) Regulations (NI) 2015
Section 75 Compliant	Yes <input type="checkbox"/> No <input type="checkbox"/> Other <input type="checkbox"/> If other, please add comment below:
Subject	Terms of Reference Review - June 2022
Attachments	Terms of Reference Appendix 1

In line with good practice the Audit Committee should review its terms of reference annually and make recommendations to Council to ensure that it keeps up to date with developments within legislation, guidance and regional and national issues.

The last review was carried out in June 2021.

The review has been carried out by the Head of Finance and there is only one change recommended under Overall Purpose and Objectives add:

- Approve the appointment of an Internal Auditor and receive regular reports therefrom.

**RECOMMENDATION**

It is recommended that the Committee notes the report.

Unclassified

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## Appendix 1

### Audit Committee Terms of Reference – June 2021

#### Authority

Under the Local Government Act (Northern Ireland) 2014 11 (1) “for the purpose of discharging any functions in pursuance of arrangements made under this part (a) a Council may appoint a committee of the council ...

... Subject to this Act the number of members of a committee appointed under subsection (1), their term of office and the area (if restricted) within which the committee is to exercise its authority must be fixed by the appointing council ..”

#### Overall Purpose and Objectives

The Audit Committee will assist Council in fulfilling its oversight responsibilities and has primary responsibility for overseeing the governance process. The Committee will agree and annual work plan which will include the review of the system of internal control and management of risks; the financial reporting process; the audit process and the Council’s processes for monitoring compliance with laws and regulations and compliance with its own Standing Orders, policies and procedures.

In reaching its decisions the Audit Committee will have due regard to its impact on, and implications for the Council’s commitment to ensuring equality of opportunity and, where possible and practicable, to ensure that the actions of the Committee are proactive in this respect.

The Committee is a significant committee of the Council and is independent of all other operational committees of the Council. The Committee will report to Council and accordingly Council authorises the Committee, within the scope of its responsibilities, to:

- Seek any information it requires from any Council employee or external party;
- Obtain external legal or professional advice as appropriate;
- Ensure the attendance of Council Officers at meetings as appropriate;
- Approve the annual governance statement and financial statements;
- Oversee progress in respect of the Performance Improvement Plan;
- Receive reports from the external auditor (in respect of financial and performance improvement audits) and the internal auditor;
- **Approve the appointment of an Internal Auditor and receive regular reports therefrom;**
- Receive notification of all significant Whistleblowing or Data Protection incidents.

## Unclassified

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- Receive progress reports & any investigation reports as part of the Council's Fraud Response Plan into any significant incident of potential Fraud, Bribery or Corruption.
- Regularly meet with the External and Internal Auditors in the absence of management and no less than once per year in line with best practice.

Correspondingly, all employees are directed by Council to co-operate with any request made by the Committee.

### **Membership**

#### **The Audit Committee will comprise:**

- 10 Members who are appointed by Council for a four-year term for the purposes of continuity of expertise and knowledge plus one independent member, appointed through public advertisement;
- Membership should not include Mayor, Deputy Mayor, chairs of Committees or Sub-committees.
- Council will nominate the Chair of the Committee in accordance with the procedures for appointing positions of responsibility.

### **Meetings**

The Audit Committee will meet quarterly in Church Street, Newtownards at 7.00pm in March, June, September and December or January.

Special meetings may be convened as required.

The Chief Executive, Director of Finance and Performance and Head of Finance will attend all meetings.

External and Internal Auditors will be invited to attend all meetings and the Audit Committee can invite other persons as it deems necessary, who may be asked to make presentations to the Committee as appropriate.

The Audit Committee will comply with the Council's standing orders.

### **Review and Revised June 2022**